



Concord
NORTH CAROLINA

City of Concord, North Carolina

**Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2016**

www.concordnc.gov

CITY OF CONCORD, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016

Prepared by:
Finance Department

City of Concord, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	1 – 10
Certificate of Achievement for Excellence in Financial Reporting	11
City Governing Body and Officials	12
Organizational Chart	13

FINANCIAL STATEMENTS AND SUPPLEMENTARY
FINANCIAL INFORMATION

Independent Auditor’s Report	15 – 17
Management’s Discussion and Analysis	19 – 34

Basic Financial Statements:

Government-wide Financial Statements:

	<u>Exhibit</u>	
Statement of Net Position	A	35
Statement of Activities	B	37

Fund Financial Statements:

Governmental Funds:

Balance Sheet	C	38
Reconciliation of the Balance Sheet to the Statement of Net Position	D	39
Statement of Revenues, Expenditures and Changes in Fund Balances	E	40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	F	41
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	G	42 – 47

Proprietary Funds:

Statement of Net Position	H	48
Statement of Revenues, Expenses and Changes in Fund Net Position	I	49
Statement of Cash Flows	J	50 – 51

Fiduciary Funds:

Statement of Fiduciary Net Position	K	52
Statement of Changes in Fiduciary Net Position	L	53

Notes to Financial Statements	55 – 85
-------------------------------	---------

Required Supplementary Information:

Law Enforcement Officers’ Special Separation Allowance Schedule of Funding Progress	M	86
Health Care Plan of the City of Concord Schedule of Funding Progress	N	87
Health Care Plan of the City of Concord Schedule of Employer Contributions	O	88
Local Government Employees’ Retirement System - City of Concord’s Proportionate Share of Net Pension Liability (Asset)	P	89
Local Government Employees’ Retirement System - City of Concord’s Contributions	Q	90
Firefighter and Rescue Squad Workers’ Pension – City of Concord’s Proportionate Share of Net Pension Liability	R	91

Other Supplemental Information:

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:

Combining Balance Sheet	1	95
Combining Balance Sheet – Special Revenue Funds	2	97
Combining Balance Sheet – Capital Projects Funds	3	98

	Statement	Page
Combining Statements of Revenues, Expenditures and Changes in Fund Balances	4	99
Combining Statements of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds	5	101
Combining Statements of Revenues, Expenditures and Changes in Fund Balances – Capital Projects Funds	6	102
Nonmajor Proprietary Funds:		
Combining Statement of Net Position	7	105
Combining Statements of Revenues, Expenses and Changes in Fund Net Position	8	106
Combining Statement of Cash Flows	9	107 – 108
Capital Assets Used in the Operation of Governmental Funds:		
Schedule of Function and Activity	10	110
Schedule of Changes by Function and Activity	11	111
Budget to Actual Comparison – Other Major and Nonmajor Governmental Funds, Enterprise Funds and Internal Service Fund of the Primary Government:		
Housing Assistance Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	12	115
Community Development Fund:		
Schedule of Revenues and Expenditures – Budget and Actual:		
Grant Number B12-MC-37-0012	13	116
Grant Number B13-MC-37-0012	14	117
Grant Number B14-MC-37-0012	15	118
Grant Number B15-MC-37-0012	16	119
Section 108 Loan/BEDI Grant:		
Schedule of Revenues and Expenditures – Budget and Actual	17	120
Home Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	18	121
Municipal Service District Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	19	122
Additional Vehicle Tax Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	20	123
Parks and Recreation Capital Projects Fund:		
Schedule of Revenues and Expenditures – Budget and Actual	21	124
Transportation Capital Projects Fund:		
Schedule of Revenues and Expenditures – Budget and Actual	22	125
General Fund Capital Projects Fund:		
Schedule of Revenues and Expenditures – Budget and Actual	23	126
General Capital Reserve Project Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	24	127
Fire and Life Safety Capital Project Fund:		
Schedule of Revenues and Expenditures – Budget and Actual	25	128
Electric Operating Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	26	129
Electric Projects Capital Project Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	27	130
Water Operating Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	28	131

	Statement	Page
2008 Revenue Bonds Capital Project Fund – Water Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	29	132
Water Projects Capital Project Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	30	133
Wastewater Operating Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	31	134
Wastewater Projects Capital Project Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	32	135
Utility Capital Reserve Project Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	33	136
Regional Airport Operating Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	34	137
Airport Capital Project Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	35	138
Stormwater Operating Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	36	139
Stormwater Capital Projects Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	37	140
Golf Course Operating Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	38	141
Golf Capital Project Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	39	142
Housing Department Operating Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	40	143
Housing Capital Project Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	41	144
Transit Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	42	145
Internal Service Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	43	146 – 147
First Concord Capital Project Fund:		
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	44	148
Statement of Changes in Assets and Liabilities – Agency Funds	45	149
Other Financial Data:	<u>Schedule</u>	
Schedule of Ad Valorem Taxes Receivable	1	151
Analysis of Current Tax Levy	2	152
Schedule of Cash and Investment Balances	3	153 – 154
Supplemental Financial Data Schedule Section 8 Housing Programs	4	155 – 156
Schedule of Business-Type Activities Capital Assets	5	157 – 159
Schedule of Business-Type Activities Long-Term Debt	6	160
STATISTICAL SECTION	<u>Table</u>	
Net Position by Component, Last Ten Fiscal Years	1	162
Changes in Net Position, Last Ten Fiscal Years	2	163 – 164
Fund Balances, Governmental Funds, Last Ten Fiscal Years	3	165
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	4	166
Number of Electric Customers by Type, Last Ten Fiscal Years	5	167
Electric Rates, Last Ten Fiscal Years	6	168
Ten Largest Electric Customers, Current Year and Nine Years Ago	7	169
Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years	8	170

	Statement	Page
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	9	171
Principal Property Taxpayers, Current Year and Nine Years Ago	10	172
Property Tax Levies and Collections, Last Ten Fiscal Years	11	173
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	12	174
Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years	13	175
Direct and Overlapping Governmental Activities Debt, As of June 30, 2016	14	176
Legal Debt Margin Information, Last Ten Fiscal Years	15	177
Pledged-Revenue Coverage, Last Ten Fiscal Years	16	178
Demographic and Economic Statistics, Last Ten Calendar Years	17	179
Principal Employers, Current Year and Nine Years Ago	18	180
Full-Time-Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years	19	181 – 182
Operating Indicators by Function/Program, Last Ten Fiscal Years	20	183 – 184
Capital Asset Statistics by Function/Program, Last Ten Fiscal Years	21	185 – 186

COMPLIANCE SECTION

Reports Required by *Government Auditing Standards*, OMB Circular A-133
And the State Single Audit Implementation Act:

Independent Auditor's Report on:

Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	187 – 188
Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; with OMB Uniform Guidance and the State Single Audit Implementation Act	189– 191
Compliance for Each Major State Program; Report on Internal Control Over Compliance; in OMB Uniform Guidance; and the State Single Audit Implementation Act	192 – 193
Schedule of Expenditures of Federal and State Awards	194 – 195
Notes to Schedule of Expenditures of Federal and State Awards	196
Schedule of Findings and Questioned Costs	197 – 198
Summary Schedule of Prior Audit Findings	199

October 26, 2016

The Honorable Mayor and
Members of the City Council
City of Concord, North Carolina

The Comprehensive Annual Financial Report (CAFR) of the City of Concord, North Carolina, for the fiscal year ended June 30, 2016, is hereby submitted. The financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted governmental auditing standards by a firm of licensed certified public accountants. We believe the data is presented in a manner designed to set forth fairly the financial position and results of operations for the City for fiscal year 2016.

This report was prepared by the Finance Department of the City of Concord and consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Concord has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Concord's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Concord's financial statements have been audited by Elliott Davis Descosimo, P.L.L.C. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Concord for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City of Concord's financial statements for the fiscal year ended June 30, 2016, and is fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Concord was part of a broader, federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of

Finance

federal and state awards. These reports are contained in the compliance section of this report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Concord's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

The City of Concord is located in the north central portion of Cabarrus County, North Carolina (the "County"). The County is located in the east central part of the Charlotte-Gastonia-Concord MSA. The City, incorporated in 1796, is the County seat and covers an area of approximately 61.35 square miles with an estimated population of 87,130. The City adjoins the City of Charlotte, North Carolina, and is one of seven incorporated municipalities in Cabarrus County.

The City is governed by the council-manager form of government. The seven-member non-partisan City Council is elected at large from districts for four-year alternating terms. The Mayor is elected at large and also serves a four-year term. The Council members serve as the City's policy making body, adopting an annual balanced budget, establishing legislative direction for the City, and hiring a professional City Manager to serve as chief executive officer to direct the daily activities of the City's departments. The City Council makes extensive use of appointed boards and commissions in the development of policy decisions.

The City provides its citizens with a wide range of services that include public safety, solid waste and recycling, transportation, recreational activities, planning and community development services, and general administration. In addition, the City owns and operates electric, water, stormwater and wastewater utilities, a general aviation airport, and a municipal golf course. The Cities of Concord and Kannapolis have entered into a joint inter-local agreement that established a fixed route public transportation service, Concord/Kannapolis Area Transit System that began in April of 2004. The City has a Housing Department, which provides housing and housing assistance programs for low-income residents through funding from the Department of Housing and Urban Development. This report includes all of the City's activities related to those services, as well as activities of all component units of the City.

The City Council appoints members of the Alcoholic Beverage Control Board. The City receives a share of the profits but does not participate in managerial control of operations. This organization is included as a component unit in the financial statements under discrete presentation.

First Concord Corporation has been established as a nonprofit organization of the City. It has been specifically organized, and is operated exclusively, for the purpose of promoting the general welfare of the citizens of the City as a financing vehicle for the City. This Corporation is included as a blended component unit within the financial statements.

North Carolina General Statutes require formal budgetary accounting for all funds. The departments of the City are required to submit request for appropriations to the City Manager in February each year. These requests are used as a starting point for developing a proposed budget. The City Manager presents the proposed budget no later than June 1. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30. Budgets are legally enacted by adoption by the governing board of an Annual Budget Ordinance or a Capital Project Ordinance. The Annual Budget Ordinance and Capital

Project Ordinance may be formally amended as required by the governing board within the guidelines of the Local Government Budget and Fiscal Control Act. Changes of functions and total budgets of any fund require approval of the governing board. The City Manager is authorized to reallocate departmental appropriations, as he considers necessary, and to affect interdepartmental transfers within a fund as long as it does not exceed 10% of the appropriated monies for the department whose allocation is reduced. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. A Capital Project Ordinance is used to establish a budget for a project that extends over more than one fiscal year. Capital Project's budget to actual comparisons for each governmental fund for which a capital project budget has been adopted is also included in this report.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end and will be carried forward with their budget appropriations to the subsequent year.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Concord operates.

LOCAL ECONOMY

The unemployment rate for Cabarrus County at June of 2016 was 4.6%, which is a decrease from a rate of 5.5% in June of 2015. The state's unemployment rate for June of 2015 was 5.8%.

Unemployment has decreased and sales tax collections continue to rebound. Foreclosures have continued to decrease which will aid in property tax collections. The sales tax revenues continue to recover. Construction is also rebounding in the Charlotte region. Utility revenue remains steady with small growths in consumption.

The North Carolina Fiscal Research Division states that the State of North Carolina's economy is the strongest it has been since the recession ended six and a half years ago. The revenue outlook reflects a continuation of moderate, steady economic growth. Employment growth continues to improve as employment markets continue to stabilize. All these factors continue to improve overall economic conditions.

The State forecast envisions the pace of growth to remain stable with the States growth in economic activity keeping pace with the nation as a whole. Sales tax collections have continued to remain stable. One important element in the strengthening of the State's overall economy is the continuous improvement in the housing market. With so many jobs directly and indirectly tied to housing, the recent improvements in housing continue to be encouraging.

The City's economy has benefitted from the City's proximity to Charlotte, ongoing improvements to major interstate highways, the City's partnership with the State to improve other major thoroughfares within the City and the available land zoned for business development located

within the City. This has led to increased economic growth and diversification over the past 20 years. Principal products manufactured in the City now include lithium battery membranes, coffee, electrical wiring devices and accessories, foods, motorsports equipment, plastics, printing and publishing, concrete products, lumber and wood, specialized colorings, fabricated metal and machinery products, mobile and modular home components, corrugated packaging and textiles. The distribution, warehousing and shipping industry is a growing sector of the City's economy. This industry benefits from proximity to Charlotte (a regional trucking and manufacturing center with a major commercial international airport, including major freight operations). The most recent investment can be partially traced to the many major transportation projects in Concord that are just completed, currently underway or that will begin in 2017. Concord has great access to Interstate 85, which has six existing interchanges in the City. North Carolina Department of Transportation (NCDOT) projects that are programmed with Concord's participation will continue to enhance the City's accessibility. The I 85 project from NC 73 to 29-601 Connector in Rowan County is currently in progress. This project will include significant improvements to the interchanges and Exits 58 (US29) and 60 (Copperfield/Dale Earnhardt). The George Liles Parkway extension that is currently underway will not only link US 29 in Concord directly to I-85, it will provide enhanced access to approximately 3000 acres of property zoned for business development in the geographic middle of the City, including the former Philip Morris site (Aleo). The northeastern part of Charlotte's Interstate 485 Outerbelt is now completed. This provides easy access to the western side of Concord and will spur even more industrial and commercial development in that area. The City is partnering with NCDOT to widen Derita Road, running by Concord Regional Airport, as development along that corridor has been accelerated due to the completion of I-485. I-485 has added another direct route to access I-77, in addition to NC 73 and I-85.

Concord has also evolved into a major tourist destination in North Carolina. Concord Mills has one of the highest numbers of visitors of any attraction in North Carolina and has added a new aquarium to its offerings. Charlotte Motor Speedway, the ZMax Dragway and NASCAR team race shops bring in hundreds of thousands of people that use lodging and restaurants and shop. This has also led to the development of other facilities such as the Embassy Suites Resort/Concord Convention Center, the Great Wolf Lodge and many other limited service hotels.

Concord has been aggressive in pursuing grants to continue capital improvements in the City. The City has received the following awards:

- Housing HUD Capital Fund Grant for capital improvements and upgrades to public housing facilities.
- Various Federal Transportation Grants for Airport Improvements.
- Federal transportation grants for traffic management purposes.

The City is engaged in short-range and long-range planning to provide the necessary infrastructure to accommodate the City's future growth. The City, other local governments, and local business leaders cooperate in economic recruiting and development efforts. The Cabarrus Economic Development Commission, which operates with a full-time staff, serves as the primary recruiting and marketing entity for economic development. Due to the availability of sites within commercial and industrial parks with all municipal services available located near major highways and interstates, the City is experiencing extensive continued economic development activity.

LONG TERM FINANCIAL PLANNING

The Planning and Neighborhood Development Department has coordinated an update to the City's Downtown Master Plan. This started with a comprehensive parking study and then proceeded to the next step with a market analysis that focused on the great potential that exists for continued development in the areas of residential, retail, dining and office uses. Contracted experts are working with our staff to solicit input from stake owners on future design aspects of downtown, using the information from the parking study and the market analysis to support ideas on how we can make Concord's downtown even more appealing to people that would like to live, work and play in an urban environment. These ideas are being formally presented to City Council for prioritization of the elements of the plan. After that is completed, staff will be following-up quickly to engage help from a consultant to facilitate the updating of the City's Land Use Plan. The plan will present a vision for the future, with long-range goals and objectives for all development activities. This includes guidance on how to make decisions on public and private land development proposals. In other words, it provides an outline of how we want the community to grow and look in future years. Like the Downtown Master Plan, there will be many opportunities for stakeholder input as we plan for the future.

There has been a significant increase in available industrial/distribution facility "product" in the form of speculative buildings constructed or under construction that has been spurred by the City providing investment grants. An 88,000-square-foot spec building was recently sold to an expanding industry, in the International Business Park, between Poplar Tent Road and N.C. 73 and construction of a \$12 million, 277,000-square-foot spec building nearby on International Drive at the intersection with Poplar Tent Road is complete. Federal Express SmartPost has opened a new distribution facility in the same business park and another distribution facility is soon to open for Federal Express Ground on an adjacent parcel. Also complete, is a 403,750 spec building in the Concord Airport Business Park located off Derita Road and the same developer has completed another 150,000-square-foot building in the same area; this builder has plans for additional construction. Amazon has taken half the space in the larger Derita Road building and the developer is negotiating with several other companies for space in the other buildings which are already available or soon to be under construction. The Derita Road area is attracting other investment. S&D has completed up-fit of the buildings on the second campus they acquired to meet their needs. A new business park, the River Oaks Corporate Center is under development up the street at the intersection of Derita Road and Poplar Tent Road with their first building and tenants recently announced.

One of the most exciting developments is the return to manufacturing at the former Philip Morris property. The purchaser, Alevo, is manufacturing battery storage GridBanks that serve as reservoirs that store and deliver grid electricity on demand for the electrical grid. The additional undeveloped acreage on site, combined with other properties along George Liles Parkway extension currently under construction, means Concord has over 3,000 acres of property zoned for business near the geographic center of the City.

Retail development has also made a comeback. New shopping centers are under construction across the city and two new hotels are being built. The Concord Mills/Speedway area continues to be strong with new restaurants under construction and more on the way.

Downtown continues to move forward with several new restaurants and wine shops moving into existing storefronts. The historic Helig-Myers building has been renovated into market rate apartments, Lofts 29. This project is establishing the viability of residential development in downtown and helping to support the further diversification of retail businesses. This has lead to

the rehabilitation of the historic Hotel Concord into market rate apartments with construction starting in early 2017.

The construction of a new City Hall located at the intersection of Cabarrus and Market, adjacent to the Police Headquarters, is now complete. Council is now determining the fate of the two vacant buildings on Union Street with mixed use buildings developed by the private sector likely to take their place. 30 Market is slated to be demolished and a public plaza will be constructed at that location.

Concord Regional Airport (CRA) continues to be a vital resource in supporting the business and general aviation communities. A promising development has been the addition of even more scheduled commercial operations at Concord Regional Airport through the Allegiant Airlines flights to destinations in Florida. Service has been widely successful. The activity has already helped the airport secure FAA funding for airports with commercial type operations. The City obtained grants to construct a commercial terminal for the commercial customers. The project is complete, the terminal opened in October of 2016. The City also participated in the costs associated with construction of a parking deck adjacent to the commercial terminal. The airport continues to have growth in commercial operations and continues to serve as a top General Aviation airport that spurs economic activity.

The Burrage Road Bridge replacement and the street rehabilitation have recently been completed. In addition, funds will be used to continue the design work for improvements to Brookwood Avenue, matching dollars for the traffic management grant and for the Virginia Street improvements.

Three important transportation projects will take place in the I-85 – Exit 49 area. These include a “fly over” directly into the first entrance to Concord Mills Mall, pedestrian improvements along Bruton Smith Boulevard and the completion of the Derita Road widening project, including the bridge, from the Rocky River to the end of Concord Mills Boulevard. NCDOT has agreed to fund these projects over the next five years. Concord helped with the NCDOT ranking of these projects for funding by providing a 20% match for the projects.

With Alevo in operation and the George Liles Parkway extension project complete, there is likely to be a push for public/private partnerships in developing the infrastructure needed to support development that will lead to job growth along this important corridor. The City will need to play a role in making sure the street systems serving such properties are well planned and are multi-modal in nature.

Concord continues the partnership with CATS on the 80x Concord Express running between Charlotte and Concord, although the ridership continues to go down due to the amount of construction going on between Concord and Charlotte that is undermining the ability of the system to stay on schedule. Safe and reliable service is the most important factor for system customers.

The Weddington Road Bark Park (for dogs) was completed in 2016, along with the Hector H. Henry, II Greenway section that runs from this park and connects to the sidewalk system near the Concord Convention Center. The City is also planning for the extension of the greenway along the Rocky River both north and south from the Weddington Road Bark Park. Continued development of the McEachern Greenway is also a priority. The phase from Mickey McGee Park north to beyond Cabarrus Avenue is funded but construction has been held off until obstacles due to land acquisition are overcome. In order to save mobilization dollars, additional funds are recommended to extend this project under Cabarrus Avenue to use the Fink property already

acquired. This was targeted to take place in a future phase but since the project is already designed the recommendation is to build it now. It is hoped that the project can be bid before the end of 2016.

The City's current contract to purchase power from Duke Energy is based on Duke Energy's system average cost. Costs are tied to Duke's expenditures and go up (or down) depending upon market conditions and infrastructure investment. Concord has entered into a contract with NTE, the builder and operator of a natural gas fired plant under construction in Kings Mountain. Under the terms of the agreement, the City of Concord will be provided with electric generation services by NTE using a portion of the capacity and energy generated by the facility for an initial term of 20 years. This will allow Concord to utilize this source when the Duke contract ends in 2019. The contract also provides for access to power produced from other types of generation if it is more cost effective to buy on the market.

The City continues to plan for future needs related to the City's water resources. Demand has started to grow again with the current economic expansion. Concord, Kannapolis and Albemarle jointly funded the work necessary to construct a line to bring treated Yadkin River water from the Albemarle system. This project was planned for years to proactively prepare for the future and the line is now in service.

The major utility project for FY 2016-17 is the continued implementation of the Smart Community effort. The implementation of new meters and related technology will improve our service response, systems reliability and will provide both the City and its customers with sophisticated tools to analyze and manage use. While the system is being deployed the City will actively educate customers about the meter installations, communicate the benefits, roll out programs and aggressively engage customers to use these new tools.

For FY 2016-17, the recommended Concord property tax rate continues to be among the lowest third of full service North Carolina municipalities with populations greater than 35,000 and the lowest of those that do not charge solid waste and /or recycling fees. The tax rate remains at \$.48 per \$100 of valuation.

CASH MANAGEMENT POLICIES AND PRACTICES

The City maintains a cash and investment pool that is used by all funds, except those restricted by statute or other legal reasons. This pool is used to facilitate disbursement and investment and to maximize investment income. North Carolina statute G.S. 159-30(c) authorizes the City to invest in U.S. Government Agency Securities, U.S. Treasury obligations, commercial paper, bankers' acceptances, certificates of deposits and the North Carolina Capital Management Trust (NCCMT), a SEC-registered mutual fund. The maturities of investments vary. Investment earnings include unrealized gains and losses from the implementation of the Governmental Accounting Standards Board ("GASB") Statement 31, which require certain investments to be recorded at market value. The City does not expect to realize these gains or losses because the City has historically held investments to maturity.

The objectives of the investment program are to first minimize investment risk and then to maximize investment yield. During the year, the majority of the City's funds were in the City's investment portfolio. Funds were also maintained in the North Carolina Capital Management Trust and Wachovia Bank-Wells Fargo for liquidity and diversity.

As of June 30, 2016, the City's cash resources were invested as follows:

U.S. Government agencies	68%
Commercial Paper	27%
NCCMT	4%
All other	1%
Total	<u>100%</u>

The average yield on investments at June 30, 2016 is estimated at 1% as compared to less than 1% for all taxable money market funds for the same period.

RISK MANAGEMENT

The City is fully insured for property and general liability but is self funded for workers' compensation. An appointed safety committee reviews workers' compensation accidents and injuries and discusses remedies to eliminate repetition of such accidents and injuries. The committee also receives and reviews reports of independent safety inspectors such as OSHA to ensure a safe and healthful environment for all employees and the citizens of Concord. In addition, various risk control techniques, including but not limited to employee accident prevention training, have been implemented to minimize accident related losses. A full time safety, health and risk management officer administers the safety and risk management program and is responsible for administering ADA rules and regulations. Costs associated with risk management are recorded in the general and enterprise funds.

Additional information on the City's risk management activity can be found in the notes to the financial statements.

PENSION AND OTHER POST EMPLOYMENT BENEFITS

The City of Concord administers a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The City is required by Article 12D of G.S. Chapter 143 to provide these benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The annual required contribution for the 2016 year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method.

The City contributes to a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. This plan provides retirement benefits to law enforcement officers and all other employees employed by the City. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts are vested immediately. The law enforcement officers may make voluntary contributions to the plan.

The City also contributes to the Statewide Local Governmental Employees' Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. This plan provides retirement and disability benefits to plan members and beneficiaries. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate.

The City of Concord also provides postretirement health benefits to retirees and their dependents. As of the end of the current fiscal year, there were 125 retired employees receiving benefits, which are being partially funded.

Additional information on the City's pension arrangements and post employment benefits can be found in the notes to the financial statements.

FISCAL POLICIES

One of the City's most important fiscal policies is the Reserve Policy. This policy ensures that the City always maintain adequate reserves.

RESERVE POLICY

1. The City will maintain an unassigned General Fund fund balance minimum between 30% and 35% of General Fund expenditures.
2. The City will evaluate ending unassigned General Fund fund balance each year to determine if an amount is available for transfer to the capital reserve fund. Any amount over the unassigned General Fund balance target is deemed available for transfer to the capital reserve account for future capital projects.
3. These policies will be evaluated each year during the budget process.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Concord, North Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2015. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The comprehensive annual financial report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The City of Concord has received a Certificate of Achievement for the last twenty-five consecutive years.

The presentation of this report could not have been accomplished without the assistance and dedication of the entire staff of the Finance Department. Special thanks go to Deputy Finance Director, Jessica Jones, and the entire accounting staff for their contribution and preparation of this report. We also appreciate the cooperation and assistance of the other City departments, as well as the assistance of the City's independent auditor, Elliott Davis Decosimo, P.L.L.C., in their preparation of this report. In addition, we express our appreciation to the Mayor and City Council

for their continued support and leadership in conducting the financial activities of the City in a responsible and progressive manner.

Respectfully submitted,

Handwritten signature of W. Brian Hiatt in black ink.

W. Brian Hiatt
City Manager

Handwritten signature of Pam Hinson in black ink.

Pam Hinson
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Concord
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY OF CONCORD, NORTH CAROLINA
CITY GOVERNING BODY AND OFFICIALS

Members of the Governing Body
City Council

J. Scott Padgett

Mayor

Alfred M. Brown, Jr.

Mayor Pro Tempore

W. Lamar Barrier
W. Brian King
Samuel Leder
Jennifer Parsley
Ella Mae Small
John Sweat, Jr.

W. Brian Hiatt

City Manager

Pam T. Hinson

Finance Director

VaLerie Kolczynski

City Attorney

Kim Deason

City Clerk



**REPRESENTED BY
MAYOR
AND
CITY COUNCIL**

CITY ATTORNEY
6 FTE
VaLerie Kolczynski
704-920-5115

CITY MANAGER
7.5 FTE
Brian Hiatt
704-920-5215

DEPUTY CITY MANAGER
Merl Hamilton
704-920-5330

ASSISTANT CITY MANAGER
Lloyd Payne
704-920-5206

AVIATION
40 FTE
Rick Cloutier
704-920-5912

BUILDINGS AND GROUNDS
50.3 FTE
Susan Sessler
704-920-5380

COMMUNICATIONS
27 FTE
Vicki Callicutt
704-920-5590

CITY CLERK
Kim Deason
704-920-5205

FINANCE
64 FTE
Pam Hinson
704-920-5220

ELECTRIC SYSTEMS
73 FTE
Bob Pate
704-920-5301

ENGINEERING
24 FTE
Sue Hyde
704-920-5401

EMERGENCY MANGEMENT
2 FTE
Jim Sells
704-920-5528

FIRE
200.5 FTE
Ray Allen
704-920-5516

HOUSING
14 FTE
Angela Graham
704-920-6100

PLANNING AND NEIGH. DEV.
19 FTE
Margaret Pearson
704-920-5151

PUBLIC AFFAIRS
Peter Franzese
704-920-5210

FLEET SERVICES
14 FTE
Daniel Nuckolls
704-920-5431

RIDER TRANSIT
5 FTE
L.J. Weslowski
704-920-5878

HUMAN RESOURCES
11 FTE
Rebecca Edwards
704-920-5102

PARKS AND RECREATION
22 FTE
Bob Dowless
704-920-5610

POLICE
208.25 FTE
Gary Gacek
704-920-5007

SOLID WASTE AND RECYCLING
31.5 FTE
Brian Moore
704-920-5351

TRANSPORTATION
41 FTE
Joe Wilson
704-920-5362

ROCKY RIVER GOLF CLUB
Contract Arrangement
704-455-1200

DATA SERVICES
1 FTE
Bill Dusch (Contract)
704-920-5293

WATER RESOURCES
118 FTE
Christie Putnam
704-920-5343

Since 1965, the City of Concord has operated according to the Council-Manager form of government, where a professional City Manager serves at the pleasure of the City Council as chief executive of the organization. The City Manager is responsible for all City personnel, with the exception of the City Attorney, who is also appointed by the City Council. The City Manager provides functional supervision for the Legal Department.



This page is intentionally blank.



Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Concord, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Concord, North Carolina (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Concord ABC Board, which represent 100 percent of the assets, net position and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Concord ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance and the Health Care Plan of the City of Concord's Schedules of Funding Progress and Employer Contributions, the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Firefighter and Rescue Squad Workers' Pension Fund's Schedule of Proportionate Share of Net Pension Liability, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, schedule of capital assets used in the operation of governmental funds, budget and actual comparisons, statement of changes in assets and liabilities – agency funds schedule of ad valorem taxes receivable, analysis of current tax levy, schedule of cash and investment balances, the supplemental financial data schedule section 8 housing programs, the schedule of business-type activities capital assets, the schedule of business-type activities long-term debt, the schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, the introductory section and the statistical section as listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements, schedule of capital assets used in the operation of governmental funds, budget and actual comparisons, statement of changes in assets and liabilities – agency funds schedule of ad valorem taxes receivable, analysis of current tax levy, schedule of cash and investment balances, the supplemental financial data schedule section 8 housing programs, the schedule of business-type activities capital assets, the schedule of business-type activities long-term debt, the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as previously described and the reports of other auditors, the combining and individual fund financial statements, schedule of capital assets used in the operation of governmental funds, budget and actual comparisons, statement of changes in assets and liabilities – agency funds schedule of ad valorem taxes receivable, analysis of current tax levy, schedule of cash and investment balances, the supplemental financial data schedule section 8 housing programs, the schedule of business-type activities capital assets, the schedule of business-type activities long-term debt, the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott David Decosimo, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 26, 2016

This page is intentionally blank.

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the City, we offer readers of the City of Concord’s (the “City”) financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to read the information presented here in conjunction with the transmittal letter at the front of this report and the City’s financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources for the City’s governmental and business type activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$854,133,188 (*net position*). Of this amount, \$240,747,784 (*unrestricted net position*) may be used to meet the government’s ongoing obligations to citizens and creditors.
- The government’s total net position increased by \$42,835,177 (5%). The growth is attributable to an increase in cash and investments and an increase in capital assets.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$110,995,963, an increase of \$3,937,634 in comparison with the prior year. Approximately 48 percent of this total amount or \$52,840,694 is available for spending at the government’s discretion (*unassigned*). The increase in combined ending fund balance numbers is a result of an excess of revenues over expenditures for the fiscal year in other governmental funds. Other governmental funds continue to increase the assigned amount for future capital projects, with transfers from the general fund.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$52,968,474 or 77 percent of total general fund expenditures and transfers.
- The City holds the following underlying bond ratings at June 30, 2016:

	GO Bonds	LOBS/COPS	Revenue Bonds
Fitch	AA+	AA	AA
Moody’s	Aa1	Aa2	Aa2
Standard & Poor’s	AAA	AA+	AA-

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the financial condition of the City.

BASIC FINANCIAL STATEMENTS

The basic financial statements include two kinds of statements that present different views of the City.

The first two statements (Exhibit A & B) are the *Government-wide Financial Statements*. They provide both short and long-term information about the City's overall financial status, in a manner similar to a private-sector business.

The remaining statements (Exhibits C through L) are *Fund Financial Statements*. These statements focus on the activities of the individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

The governmental fund statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. The proprietary fund statements offer short and long term financial information about the activities the government operates like businesses, such as the electric, water and wastewater systems. The fiduciary fund statement only reports assets and liabilities and is not reported on the government wide financial statement. Fiduciary funds are used to account for resources held for the benefit of parties outside the government.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. Following the notes is the section of *required supplemental information* and a section with combining statements that provide details on the City's non-major governmental funds and internal service fund, all of which are combined into one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by the private-sector companies. The two government-wide statements report the City's *net position* and how they have changed.

The *statement of net position* includes all of the City's assets, deferred inflows/outflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public works, public safety, transportation, planning and community development and cultural and recreational. The business-type activities include electric, water, wastewater, aviation, transit, stormwater, public housing and municipal golf course operation.

The government-wide financial statements include not only the City of Concord itself (known as the primary government), but also a legally separate ABC Board and First Concord Corporation, for which the City of Concord is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 35 through 37 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Concord, like all other governmental entities in North Carolina, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements such as the General Statutes or the City's budget ordinance. All of the funds, reflected in the government wide financial statements, of the City of Concord can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. These funds focus on how assets can readily be converted into cash flow in and out, and the balances left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provide a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or fewer financial resources available to finance the City's programs.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual non major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Concord adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted.

The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the variance between the final budget and the actual resources and charges.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise Funds are used to report the same functions as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater, stormwater, aviation, golf course, transit and public housing operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the functions of the City. The City of Concord uses an internal service fund to account for the financing of goods and services provided by the Utility Collections department, Customer Service department, Billing department, Engineering department, Purchasing department, Call Center department, Data Service department and Building and Grounds department. Because these operations benefit predominately business type rather than governmental activities, the internal service fund has been blended within the business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for electric, water, wastewater, stormwater, and aviation operations, all of which are considered to be major funds of the City. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service fund is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 48 through 51 of this report.

Fiduciary Funds

The City of Concord accounts for two fiduciary funds. Fiduciary Funds use accounting much like Proprietary fund types and are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Concord's programs. The Fiduciary Fund statements are located on pages 52 through 53 of this document.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 55 through 85 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and post retirement health benefits to its employees. Required supplementary information can be found on pages 82 through 88 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and non-major enterprise funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on pages 95 through 108 of this report. Other supplemental information regarding the internal service fund of the primary government is located on pages 146 through 147.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources for the City exceeded liabilities and deferred inflows of resources by \$854,133,188 as of June 30, 2016.

By far the largest portion of the City's net position (70 percent) reflects its investment in capital assets (e.g., land, buildings, automotive equipment, office and other equipment, electric system and distributions stations, water treatment and storage facilities, water distribution lines, and wastewater lines, less any related debt still outstanding that was issued to acquire those assets). The City of Concord uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Concord's Statement of Net Position
Table 1

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$121,729,958	\$119,857,663	\$172,088,377	\$190,711,688	\$293,818,335	\$310,569,351
Capital assets	330,450,488	329,885,591	371,433,111	384,969,178	701,883,599	714,854,769
Total Assets	452,180,446	449,743,254	543,521,488	575,680,866	995,701,934	1,025,424,120
Deferred outflows of resources	2,336,568	2,341,055	2,787,162	4,900,401	5,123,730	7,241,456
Long-term liabilities outstanding	50,696,284	46,329,373	102,975,294	92,850,922	153,671,578	139,180,295
Other liabilities	10,012,483	12,005,371	14,636,585	25,065,337	24,649,068	37,070,708
Total liabilities	60,708,767	58,334,744	117,611,879	117,916,259	178,320,646	176,251,003
Deferred inflows of resources	7,054,604	1,478,561	4,152,403	802,824	11,207,007	2,281,385
Net position:						
Net investment in capital assets	303,629,133	299,048,429	279,995,482	297,636,341	583,624,615	596,684,770
Restricted	21,213,966	16,700,634	-	-	21,213,966	16,700,634
Unrestricted	61,910,544	76,521,941	144,548,886	164,225,843	206,459,430	240,747,784
Total net position	\$386,753,643	\$392,271,004	\$424,544,368	\$461,862,184	\$811,298,011	\$854,133,188

An additional portion of the City's net position (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$240,747,784) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Concord is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$5,517,361 in net position reported in connection with the City of Concord's governmental type activities. Revenues exceeded expenses and liabilities decreases over prior year numbers. Restricted cash and investments have also increased over prior year numbers.

During the current fiscal year, total net position for business-type activities increased by \$37,317,816. The increase in current assets is a result of growth in cash and investments. A reduction in business-type expenses and the continued growth in non-restricted cash have contributed to the large increase in net position.

City of Concord's Changes in Net Position

Table 2

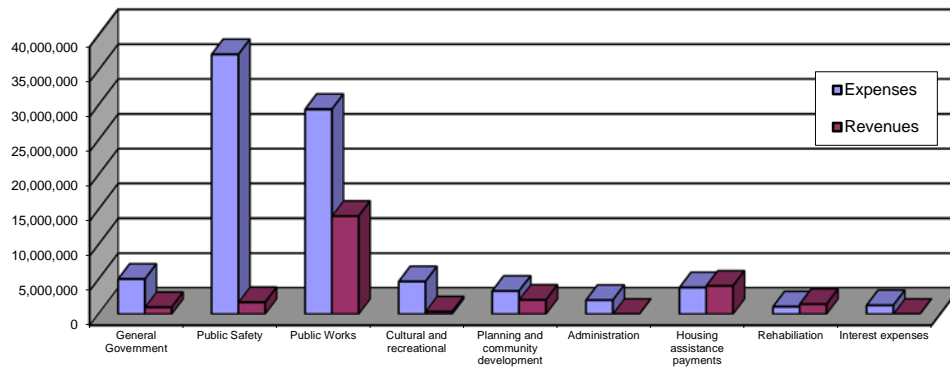
	Governmental Activites		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program revenues:						
Charges for services	\$7,751,145	\$6,405,297	\$133,656,500	\$136,612,274	\$141,407,645	\$143,017,571
Operating grants/ contributions	7,336,269	7,174,344	3,301,773	2,084,934	10,638,042	9,259,278
Capital grants/contributions	34,238,961	11,034,946	5,895,701	13,936,032	40,134,662	24,970,978
General revenues:						
Ad valorem taxes	46,125,496	47,573,304	-	-	46,125,496	47,573,304
Other taxes	16,917,828	16,191,844	-	-	16,917,828	16,191,844
Grants and contributions not restricted to specific programs	3,932,956	5,100,371	-	-	3,932,956	5,100,371
Investment earnings	640,669	1,032,220	1,001,886	1,521,922	1,642,555	2,554,142
Miscellaneous/Gain(loss) capital asset sales	954,545	1,097,241	272,280	717,903	1,226,825	1,815,144
Total revenues	117,897,869	95,609,567	144,128,140	154,873,065	262,026,009	250,482,632
Expenses:						
General government	4,691,595	5,051,753	-	-	4,691,595	5,051,753
Public safety	36,851,383	37,306,072	-	-	36,851,383	37,306,072
Public works	28,327,081	29,415,487	-	-	28,327,081	29,415,487
Cultural & recreational Planning & community development	4,662,500	4,691,129	-	-	4,662,500	4,691,129
Administration	3,037,830	3,320,039	-	-	3,037,830	3,320,039
Housing assistance payments	2,076,215	2,010,137	-	-	2,076,215	2,010,137
Rehabilitation	4,127,317	3,832,265	-	-	4,127,317	3,832,265
Interest on long term debt	214,316	1,072,157	-	-	214,316	1,072,157
Electric	1,435,986	1,262,457	-	-	1,435,986	1,262,457
Water	-	-	70,822,661	67,070,451	70,822,661	67,070,451
Wastewater	-	-	18,869,903	15,925,133	18,869,903	15,925,133
Regional airport	-	-	13,947,646	15,533,505	13,947,646	15,533,505
Stormwater	-	-	10,060,171	9,190,615	10,060,171	9,190,615
Other nonmajor business-type activities	-	-	3,664,112	4,000,529	3,664,112	4,000,529
Total expenses	85,424,223	87,961,496	125,367,708	119,685,959	210,791,931	207,647,455
Increase in net position before transfers	32,473,646	7,648,071	18,760,432	35,187,106	51,234,078	42,835,177
Transfers	(1,949,854)	(2,130,710)	1,949,854	2,130,710	-	-
Increase in net position	30,523,792	5,517,361	20,710,286	37,317,816	51,234,078	42,835,177
Net position, July 1	356,229,851	386,753,643	403,834,082	424,544,368	760,063,933	811,298,011
Net position, June 30	\$386,753,643	\$392,271,004	\$424,544,368	\$461,862,184	\$811,298,011	\$854,133,188

Governmental Activities

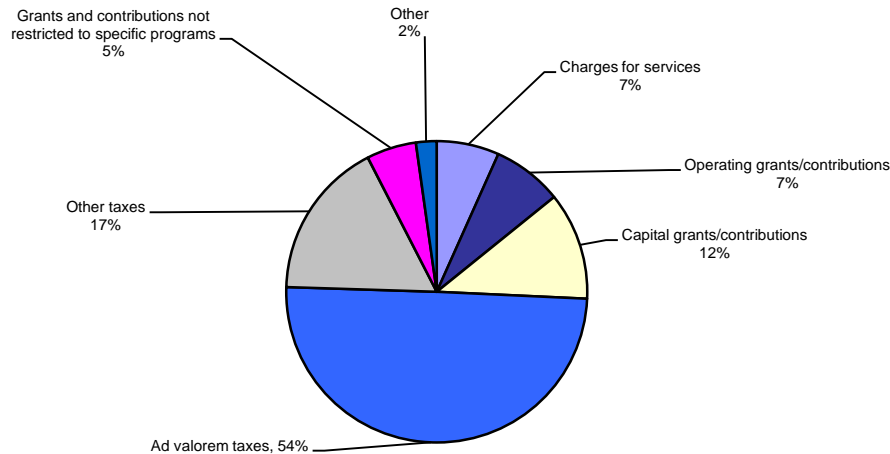
In fiscal year 2016, the net position of governmental activities increased by \$5,517,361, or more than 1%. Although revenues declined, expenses were less than total sources which resulted in an increase in net position. Table 2 above, illustrates key elements of the changes in the governmental activities net position. Listed below are a few points highlighting significant changes in net position.

- Ad valorem taxes increased by \$1,447,808 (3%) during the year. The City continues to see a steady growth in assessed values.
- Capital grants/contributions decreased \$23 million due to a decrease in financing contributions for capital related to infrastructure.
- Charges for services decreased 17%, \$1,345,848 as new legislation eliminated the privilege licenses fee for fiscal year 2016.
- The total governmental activities increase in expenses was 3%. The City continues to operate as conservatively as possible while maintaining existing services.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Business-type Activities

Business type activities increased the City's net position by \$37,317,816 (9%).

Key elements of the increase in business type activities, illustrated in table 2 located on page 24 are as follows:

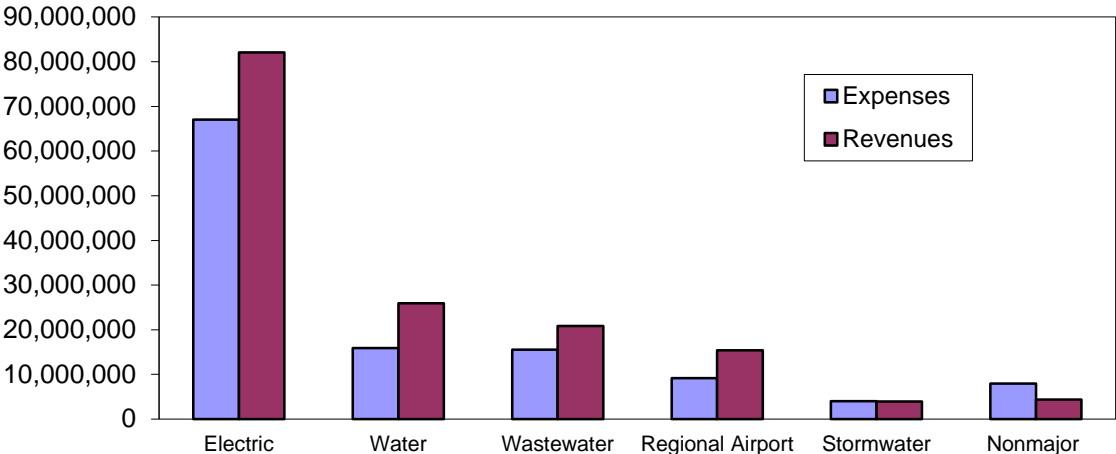
- Charges for services for business-type activities increased by 2%, \$2,955,774.
 - Usage remained relatively stable for the water and wastewater customers, the wastewater division's charges for service increased 9%. The increase is due to a small increase in consumption and an average wastewater rate increase of 3%. Water charges for service also increased around 7%. There was an average water rate increase of 2.5% and small consumption increases as well. The City continues to encourage customers to conserve and use less water and a tier water rate schedule was adopted in FY2010 by City Council to encourage conservation.
 - Capital contributions for infrastructure increased by \$13.9 million.
 - Aviation charges for service decreased 11% when compared to the previous year. The Concord Regional Airport (CRA) continues to be one of the busiest general aviation airports in North Carolina. The decrease in fuel sales was a result of dropping fuel costs, not a decrease in gallons sold.
 - Stormwater charges for service increased 2% when compared to last year's collections. The Stormwater program has operated for seven full years, and the billing has been fully implemented. An internal review of the system is continuing to discover customers who should be added to the billing for Stormwater fees, but most customers are now being billed. With no major growth anticipated, the City expects this revenue source to remain stable in the future year.
 - Electric charges for service remained stable for fiscal year 2016, with a small increase. Duke Energy Corporation is the main supplier for City power. During calendar year 2008, these wholesale costs increased approximately 18.5%. Due

to these large increases, the City evaluated rates during fiscal year 2009 and hired a rate consultant. Despite past efforts to hold down retail costs and continued efforts to cut current operating costs, it became necessary to begin raising retail rates to better reflect the rising wholesale costs in order to maintain current customer service and system maintenance levels. Adjustments are now considered based on a cost of service analysis taking into account the Duke changes in January of every year. Due to Duke's schedule for wholesale increases, FY 2016 reflected no retail rate increase.

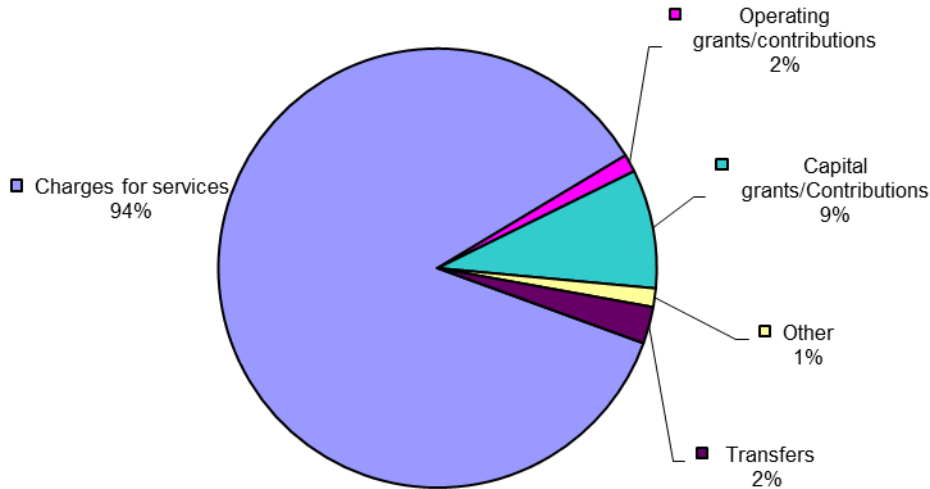
- Expenses decreased 5% when compared to the prior year. The City had implemented budget cuts in the prior years when revenues began to slow due to the economic conditions within the nation and our area of the state. These conservative measures remained a practice of the City in FY2016 which ensured that operating costs did not outpace the City's revenue sources.
 - Electric operating expenses decreased over 5% due to a decrease in purchased power. The City received a purchase power true up from Duke Power which enables the City to offset the actual costs of purchasing power.
 - Water operating costs decreased 16%, as this department did not have any major issues such as weather related droughts. Wastewater operating expenses increased 11%. This increase is a result of completing some large capital projects.
 - The airport operating expenses decreased over 9%; the majority of this decrease was associated with lower fuel prices. The airport also works to manage operations as conservatively as possible.

The City's internal service fund is reported as a Business-type activity (proprietary fund) since enterprise funds are the largest users of the internal service fund's activities. The fund supports and assists these departments on a daily basis and is comprised of Utility Collections, Data Services, Billing, Engineering, Customer Care Services, Purchasing, and Building and Grounds.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Concord uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Concord's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Concord's governmental funds reported combined ending fund balances of \$110,995,963, an increase of over 3% in comparison with the prior year. Funds that are available for spending at the government's discretion (unassigned) represent 48% of the City's ending fund balance. The remaining fund balance is classified as follows to indicate that it is not available for new spending because it has already been obligated: 1) non spendable inventories and prepaids (\$174,692), 2) restricted for streets, public safety and state statute stabilization (\$16,525,942), 3) committed for future capital, planning & community development, and housing assistance (\$26,658,640), and 4) assigned for specific purposes in other governmental funds (\$14,795,995).

The general fund is the principal operating fund of the City of Concord. At the end of the current fiscal year, the unassigned fund balance in the general fund was \$52,968,474, while total fund balance for the general fund was \$69,155,589; representing a decrease of \$588,051. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned general fund balance represents 65% of total general fund expenditures and transfers out, while total fund balance represents 85% of that same amount. Key factors in the fund balance numbers are as follows:

- The City's general fund operating revenues actually exceeded operating expenditures by \$17,492,807. Transfers to other funds increased by \$13,728,037 when compared to the prior year. The majority of the total transfers, \$20,237,376, are for capital projects and debt service. Ad valorem tax revenue grew 5% or \$2,373,345.

Other governmental fund balance increased \$4,525,685 due to reserve funds being increased to complete future capital projects.

Proprietary Funds

The City of Concord's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail:

Unrestricted net position of the electric fund, the water fund, the wastewater fund, the regional airport fund, and the stormwater fund at the end of the year were \$78,975,853, \$50,776,541, \$19,770,494, \$4,340,337 and \$11,634,793 respectively. The unrestricted net position of all other enterprise funds was (\$146,567). The total growth in net position for the proprietary funds was \$37,317,816. Factors affecting the growth are addressed in more detail in the discussion of the City of Concord's business-type activities which begin on page 26 of this document.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increase in appropriations that become necessary to maintain services.

Total amendments to the General Fund increased revenues and expenditures and other financing sources and uses by \$1,014,942 or 1%. This is not a significant budgetary variance between original and final amended budget for the City. The major adjustment to the budget is related to non-operating one time transfers for planned future projects. At year-end, *actual* revenues and transfers in exceeded *final amended budget* numbers by approximately 8%. *Actual* expenditures and transfers out were less than *final budgetary* figures by 9%, resulting in excess of revenues over expenditures (before transfers) of \$17,492,807.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Concord's investment in capital assets for its governmental and business-type activities as of June 30, 2016, totals \$714,854,769 (net of accumulated depreciation). These assets include land, buildings, machinery and other equipment, improvements and infrastructure. The total net increase in the City of Concord's investment in capital assets for the current fiscal year was almost 2% (less than 1% decrease for governmental activities and more than 3% increase for business-type activities).

Major capital asset transactions during the year included the following:

- Construction of electric substations, Smartgrid system costs and enhancements/improvements to the electric transmission lines in amount of \$3,472,683.
- Purchase of vehicles and equipment for general fund totaling \$2,330,643.

- Construction costs of new City Hall totaling \$6,176,884.
- The extension of the distribution and transmission lines for the City's water system, Smartgrid system costs and upgrades/improvements to the system in the amount of \$1,663,392.
- The construction of fire station 11 totaling \$2,134,970.
- Extension and improvements of the Parks & Recreation facilities, grounds, and the greenway systems totaling \$2,396,639.
- Airport commercial services terminal and parking deck totaling \$12,140,969.

Additional information on the City of Concord's capital assets can be found in Note 5 of the Basic Financial Statements located on page 65.

Capital Assets
Table 3

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Land	\$ 54,019,394	\$ 54,336,721	\$ 40,612,034	\$ 40,881,488	\$ 94,631,428	\$ 95,218,209
Construction in progress	19,431,187	4,354,827	25,089,047	14,947,737	44,520,234	19,302,564
Buildings and systems	48,453,990	65,289,467	59,092,553	64,515,005	107,546,543	129,804,472
Improvements other than buildings	3,428,642	5,905,249	440,386,097	472,396,926	443,814,739	478,302,175
Machinery and equipment	29,558,172	30,988,286	29,440,229	31,133,111	58,998,401	62,121,397
Infrastructure	559,702,068	574,042,357	-	-	559,702,068	574,042,357
Sub-total	714,593,453	734,916,907	594,619,960	623,874,267	1,309,213,413	1,358,791,174
Less Accum. Depreciation	(384,142,965)	(405,031,316)	(223,186,849)	(238,905,089)	(607,329,814)	(643,936,405)
Total	\$ 330,450,488	\$ 329,885,591	\$ 371,433,111	\$ 384,969,178	\$ 701,883,599	\$ 714,854,769

Long-term Debt

At the end of the current fiscal year, the City of Concord had total debt outstanding of \$118,469,000 (principal). Of this amount, \$0 comprises debt backed by the full faith and credit of the City and \$67,045,000 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$36,325,000 and \$15,099,000 outstanding in installment notes and purchases, respectively.

General Obligations, Installment Purchases and Revenue Bonds
Table 4

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Installment purchases	\$ 3,375,000	\$ 3,105,000	\$ 6,837,500	\$ 11,994,000	\$ 10,212,500	\$ 15,099,000
Revenue Bonds	2,187,937	1,884,540	74,002,062	65,160,460	76,189,999	67,045,000
Installment notes	26,720,725	24,892,675	12,694,275	11,432,325	39,415,000	36,325,000
Total long-term debt	\$ 32,283,662	\$ 29,882,215	\$ 93,533,837	\$ 88,586,785	\$ 125,817,499	\$ 118,469,000

In the current fiscal year, the City of Concord's total debt decreased by \$7,348,499 (6 percent). In fiscal year 2016, the City of Concord completed the financing process to support the construction of a parking deck at the regional airport, and a refunding of outstanding revenue bonds. The refunding included \$19.085 million of utility system bonds (Series 2008). There is

more information available in Note 7 of this document regarding refunding and advance refunding issues in prior years.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The City's debt as a percentage of assessed value of taxable property is .29%. The legal debt margin (excess of the amount of debt legally authorized over the amount of debt outstanding) for the City is \$768,280,642. The current debt limitation for the City of Concord is \$796,278,317, which is significantly greater than the City of Concord's outstanding general obligation debt.

Additional information on the City of Concord's long-term debt can be found in Note 7 on pages 67 through 72 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Cabarrus County at June of 2016 was 4.6%, which is a decrease from a rate of 5.5% in June of 2015. The state's unemployment rate for June of 2016 was 4.9%. The City of Concord's unemployment rate at April of 2015 was 3.7% (not published for April 2016).
- Population has increased from 27,347 in 1990 to an estimated 87,130 as of July 1, 2015 (per the Office of State Budget and Management), which represents a growth rate of 219%. The City experienced a 2% growth in current year population when compared to the certified population estimate as of July 1, 2014.
- The economic climate will be the biggest factor impacting future Concord budget recommendations. Unemployment has decreased and sales tax collections continue to rebound. Foreclosures have continued to decrease which will aid in property tax collections. The sales tax revenues continue to recover. Of course, some of this is related to the on-going recovery in the construction industry; this area has seen construction rebound quickly. Utility revenue remains steady with small growths in consumption.
- The City's Planning & Community Development Department continues to focus on economic development within the City. This position provides a direct resource for the Cabarrus County Economic Development Commission staff and a liaison for any business seeking to locate or expand in Concord. Job creation and expansion of the tax base has to be a priority.
- The North Carolina Fiscal Research Division states that the State's economy is at its strongest since the recession ended six and a half years ago. The pace of growth remains moderate, however, but has quickened sufficiently to improve overall economic conditions.

All of these factors were considered in preparing the City of Concord's budget for fiscal year 2017. The amount of unassigned fund balance in the general fund is \$52,968,474 as of July 1, 2016. Concord has no appropriation from fund balance for the 2017 fiscal year.

The tax base used in the fiscal year 2016 budget preparation represents an estimated 7% increase in real property values from fiscal year 2016 projections. The large increase is a result of revaluation year in Cabarrus County. One cent on the City's tax rate produces \$1,014,206 in revenue, after the City's estimated collection rate is applied. This rate compares favorably to past City tax rates and remains one of the lowest in the state among medium to large size cities.

The fiscal year 2017 budget does not include a tax increase, maintaining 48 cent rate. The revenue neutral rate is 45.94 cents. The City has now experienced the full financial impact of the Philip Morris plant closure that has resulted in a total assessed value decline of 82% (\$895 million) since the closure was announced in June of 2007. The property value losses associated with Philip Morris should now be fully realized in prior years and future declines are not anticipated. The site has been purchased and as development occurs there, the City should regain some of this lost tax base.

The City's contract to purchase power from Duke Energy is based on Duke Energy's system average cost. Costs are tied to Duke's expenditures and go up (or down) depending upon market conditions and infrastructure investment. As anticipated, wholesale costs from Duke Energy are starting to stabilize. This is leading to more predictability in the rates Concord charges its customers. In fact, fiscal year 2012-13 saw the first Purchased Power Adjustment (PPA) that reduced user costs. No increases were needed for fiscal years 2013-14, and 2014-15; 2015-16; projections for fiscal year 2016-17 also include no increases. Duke Energy continues to pursue retail rate increases that would be consistent with what it has passed on to its wholesale customers like Concord and is receiving incremental approvals from the North Carolina Utility Commission for such adjustments. Concord is impacted by the comparison of the Concord rates with Duke's. Staff will continue to make sure the same principles applied to retail rate reviews are used for the setting of wholesale rates so our customers are not subsidizing Duke's retail customers. At the same time, the wholesale energy market is changing and Concord must be preparing now for future wholesale purchase contracts, including talking with all potential suppliers.

Concord, Kannapolis and Albemarle jointly funded a line to bring treated Yadkin River water from the Albemarle system. The construction was completed in September of 2015. Concord funded its portion from reserves. Though no change was recommended in fiscal year 2014, water rate increases, an average of 3 percent, were implemented in fiscal year 2015 and fiscal year 2016. No rate increases were proposed in fiscal year 2017. Rates are evaluated annually against the amounts needed to fund major capital projects and to meet increasing environmental standards. Upfront capacity purchases, such as the "take or pay" amount in the Albemarle agreement, also resulted in the need to adjust rates in fiscal year 2015 and fiscal year 2016. Faced with the reality that Cabarrus County has no additional water sources within its boundaries, we must go outside to obtain water. As a result, water continues to be more expensive in Cabarrus County than for its neighbors who are adjacent to free water sources fed by larger rivers. The Water and Sewer Authority of Cabarrus County has completed a new master plan for the entire County. This data will be used to develop strategic plans for upcoming water and wastewater budgets.

The wastewater rate structure is designed for all customers to pay a uniform volume rate based on their metered water consumption. Customers that do not have water service will pay a flat fee. Although it was difficult, the 2014 budget year did not include any rate increase for wastewater charges, as the City elected to defer some capital projects to future years. Fiscal year 2015 included an average customer rate increase of 3% and the fiscal year 2016 budget also included moderate rate increases, an average of 3 percent, as the City began to address capital needs. The fiscal year 2017 budget does not include any rate increases.

There is no increase in the stormwater fee that was implemented in fiscal year 2005-06 to meet the mandated Phase II stormwater requirements. The fee remains at \$4.30 per Equivalent Residential Unit. Revenues in fiscal year 2014-15 were used for required system mapping, for maintenance projects, to match federal dollars for stream restoration projects and to expand maintenance of the existing system. Many of these projects will continue to be funded in the 2017 budget.

The City completed construction of a new City Hall in December of 2015 with at a total cost of \$21 million. The debt service has been included in the fiscal year 2017 budget as the City secured financing in late 2014.

A new terminal and parking deck have been constructed at the City's airport. The estimated completion date is in October of 2016. The project was funded with grants and financing.

The following material project impact NCDOT facilities and are programmed with Concord's participation:

- I85 NC 73 to 29-601 Connector in Rowan County - NCDOT has now started the I-85 project from NC 73 to 29-601 Connector in Rowan County. This will include significant improvements to the interchanges at Exits 58 (US 29) and 60 (Copperfield/Dale Earnhardt). The City of Concord and the City of Kannapolis are cooperating to include aesthetic improvements to the end of the bridges at these interchanges.
- Derita Road – Traffic congestion is choking this important corridor that serves the Airport, the growing industrial area, and Concord Mills. Concord was required to pick up the total cost to match the Federal funds for this NCDOT Road. The match is estimated to be \$3,036,763. Phase I design and permitting are complete and right-of-way acquisition is underway with construction delayed to allow the full project to be bid at the same time. Current estimates indicate that the project will begin in 2017.
- George Liles Parkway Extension – Project underway with Blythe acting as contractor. The contractor has finished portions between Weddington and Concord Parkway (US 29). The entire project to Roberta Road should be completed in 2017, including the interchange at US 29.

Due to the economic conditions during the recession, in the past, the City has been very modest in providing performance based salary adjustments, if at all. As the economy continues to fully recover, merit pays are included in the budget for 2017. Here is what the City has done since the economic down turn.

FY09/10: No merit increases, no adjustment to the pay structure

FY10/11: Flat, across-the board \$600 salary increase at evaluation date

FY11/12: Across the board 1.5% or \$600 (whichever was larger) salary increase effective December 2011

FY12/13: \$400/\$500/\$600 lump-sum payments based on merit.

FY13/14: 2% salary adjustment effective July 1, 2013 for those with current evaluation ratings of at least meets expectations. Merit adjustments were also available on the evaluation date from 1% to 3% based on evaluation ratings.

FY 14/15: Adjustments applied from the salary study.

FY15/16: Merit adjustments were available on the evaluation date from 1% to 3% based on evaluation ratings.

Proposed FY16/17: Merit adjustments are available on the evaluation date from 3% to 4% based on evaluation ratings.

It is clear that many employers in the public and private sectors are enhancing their compensation offers as the economy strengthens. During the recession, the City tried to benefit its coworkers by managing positions to provide stability to employees. Many positions were frozen or eliminated, but no one was laid off. Now we are seeing other employers begin to rapidly ramp up hiring experienced personnel to meet the expanding workload. There were no overall adjustments to our pay structure that raised entry level salaries during this time. Fiscal year 2015 included money which funded a comprehensive classification and pay study. The

results were implemented in fiscal year 2015. The City wants to make sure we capture the new reality in attracting and retaining good employees. The City is already seeing some of our best professionals being targeted by other organizations, and other local governments and companies paying more to new employees for the same level of work.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Concord's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Concord, P.O. Box 308, Concord, North Carolina 28026. This report may also be viewed on the City's website located at the following address: <http://www.concordnc.gov>.

STATEMENT OF NET POSITION
June 30, 2016

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Cash and investments	\$ 71,991,481	\$ 138,923,320	\$ 210,914,801	\$ 2,189,657
Receivables, net	10,328,580	36,887,925	47,216,505	-
Due from (to) other funds	1,952,667	(1,952,667)	-	-
Inventories	117,728	4,764,733	4,882,461	1,262,464
Prepaid expenses	58,518	86,420	144,938	78,220
Restricted assets - cash and investments	35,408,689	12,001,957	47,410,646	-
Capital assets:				
Non-depreciable	58,691,548	55,829,225	114,520,773	987,154
Depreciable, net	271,194,043	329,139,953	600,333,996	3,607,537
Total assets	449,743,254	575,680,866	1,025,424,120	8,125,032
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan	1,955,492	1,164,838	3,120,330	45,182
Deferred charge on refunding	385,563	3,735,563	4,121,126	-
Total deferred outflows of resources	2,341,055	4,900,401	7,241,456	45,182
LIABILITIES				
Accounts payable and accrued liabilities	3,498,331	11,724,939	15,223,270	858,578
Accrued interest payable	-	193,333	193,333	-
Unearned revenues	3,550	-	3,550	-
Deposits	3,886,838	2,623,825	6,510,663	-
Non-current liabilities:				
Due within one year:				
Long-term debt	4,346,652	9,570,740	13,917,392	170,888
Installment purchases	270,000	952,500	1,222,500	-
Due in more than one year:				
Long-term debt	43,494,373	81,809,422	125,303,795	1,277,342
Long-term installment purchases	2,835,000	11,041,500	13,876,500	-
Total liabilities	58,334,744	117,916,259	176,251,003	2,306,808
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	1,352,595	802,824	2,155,419	24,889
Prepaid taxes	125,966	-	125,966	-
Total deferred inflows of resources	1,478,561	802,824	2,281,385	24,889
NET POSITION				
Net investment in capital assets	299,048,429	297,636,341	596,684,770	3,293,187
Restricted for:				
Streets	4,231,188	-	4,231,188	-
Stabilization by State Statute	11,972,574	-	11,972,574	-
Other	496,872	-	496,872	399,007
Unrestricted	76,521,941	164,225,843	240,747,784	2,146,323
Total net position	\$ 392,271,004	\$ 461,862,184	\$ 854,133,188	\$ 5,838,517

See Notes to Financial Statements.

This page is intentionally blank.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 5,051,753	\$ 979,503	\$ -	\$ -	\$ (4,072,250)	\$ -	\$ (4,072,250)	\$ -
Public safety	37,306,072	1,346,713	151,321	195,000	(35,613,038)	-	(35,613,038)	-
Public works	29,415,487	381,028	2,866,036	10,815,946	(15,352,477)	-	(15,352,477)	-
Cultural and recreational	4,691,129	326,091	-	24,000	(4,341,038)	-	(4,341,038)	-
Planning and community development	3,320,039	2,040,391	-	-	(1,279,648)	-	(1,279,648)	-
Administration	2,010,137	-	-	-	(2,010,137)	-	(2,010,137)	-
Housing assistance payments	3,832,265	749,463	3,303,433	-	220,631	-	220,631	-
Rehabilitation	1,072,157	582,108	853,554	-	363,505	-	363,505	-
Interest expense	1,262,457	-	-	-	(1,262,457)	-	(1,262,457)	-
Total governmental activities	87,961,496	6,405,297	7,174,344	11,034,946	(63,346,909)	-	(63,346,909)	-
Business-type activities:								
Electric	67,070,451	82,086,937	-	-	-	15,016,486	15,016,486	-
Water	15,925,133	22,941,925	-	3,010,736	-	10,027,528	10,027,528	-
Wastewater	15,533,505	17,651,022	-	3,203,273	-	5,320,790	5,320,790	-
Regional airport	9,190,615	7,663,481	-	7,722,023	-	6,194,889	6,194,889	-
Stormwater	4,000,529	3,965,529	-	-	-	(35,000)	(35,000)	-
Golf course	1,780,222	1,633,571	-	-	-	(146,651)	(146,651)	-
Housing	2,130,055	381,278	1,192,880	-	-	(555,897)	(555,897)	-
Transit	4,055,449	288,531	892,054	-	-	(2,874,864)	(2,874,864)	-
Total business-type activities	119,685,959	136,612,274	2,084,934	13,936,032	-	32,947,281	32,947,281	-
Total primary government	\$ 207,647,455	\$ 143,017,571	\$ 9,259,278	\$ 24,970,978	(63,346,909)	32,947,281	(30,399,628)	-
Component unit - City of Concord, ABC Board	\$ 9,452,491	\$ 10,403,581	\$ -	\$ -	-	-	-	951,090
General revenues:								
Taxes:								
Ad valorem					47,573,304	-	47,573,304	-
Local government sales tax					16,191,844	-	16,191,844	-
Grants and contributions not restricted to specific programs:								
Intergovernmental					5,100,371	-	5,100,371	-
Investment earnings					1,032,220	1,521,922	2,554,142	323
Gain on sale of capital assets					131,304	81,356	212,660	-
Miscellaneous					965,937	636,547	1,602,484	-
Total general revenues not including transfers					70,994,980	2,239,825	73,234,805	323
Transfers					(2,130,710)	2,130,710	-	-
Total general revenues and transfers					68,864,270	4,370,535	73,234,805	323
Change in net position					5,517,361	37,317,816	42,835,177	951,413
Net position - beginning					386,753,643	424,544,368	811,298,011	4,887,104
Net position - ending					\$ 392,271,004	\$ 461,862,184	\$ 854,133,188	\$ 5,838,517

See Notes to Financial Statements

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 56,922,974	\$ 15,068,507	\$ 71,991,481
Receivables:			
Ad valorem taxes, net	2,116,267	1,852	2,118,119
Due from other governmental agencies	602,892	127,474	730,366
Sales tax refunds	1,445,966	55,635	1,501,601
Interest	176,254	73,861	250,115
Due from other funds	2,110,070	-	2,110,070
Other, net	5,471,971	256,408	5,728,379
Inventories	117,728	-	117,728
Prepaid items	56,964	141	57,105
Restricted assets - cash and investments	8,433,597	26,975,092	35,408,689
Total assets	\$ 77,454,683	\$ 42,558,970	\$ 120,013,653
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,166,473	\$ 559,341	\$ 2,725,814
Due to other funds	-	157,403	157,403
Unearned revenues	3,550	-	3,550
Deposits	3,886,838	-	3,886,838
Total liabilities	6,056,861	716,744	6,773,605
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	2,116,267	1,852	2,118,119
Prepaid taxes	125,966	-	125,966
Total deferred inflows of resources	2,242,233	1,852	2,244,085
FUND BALANCES (DEFICITS)			
Non Spendable			
Inventories	117,728	-	117,728
Prepays	56,964	-	56,964
Restricted			
Stabilization by State Statute	11,459,055	513,519	11,972,574
Transportation	4,231,188	-	4,231,188
Public safety	322,180	-	322,180
Committed			
Future capital purchases	-	26,285,848	26,285,848
Planning and community development	-	358,172	358,172
Housing assistance	-	14,620	14,620
Assigned			
Future capital purchases	-	14,795,995	14,795,995
Unassigned	52,968,474	(127,780)	52,840,694
Total fund balances	69,155,589	41,840,374	110,995,963
Total liabilities, deferred inflows of resources and fund balances	\$ 77,454,683	\$ 42,558,970	\$ 120,013,653

See Notes to Financial Statements.

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION

June 30, 2016

Fund balances - total governmental funds		\$ 110,995,963
Amounts reported for governmental activities in the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$ 734,916,908	
Less accumulated depreciation	<u>405,031,317</u>	329,885,591
Net pension liability		(2,229,194)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		1,955,492
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Bond insurance cost	4,842	
Less accumulated amortization	<u>3,429</u>	1,413
Long-term liabilities, including accrued interest are not due and payable in the current period and therefore are not reported in the governmental fund		
Governmental bond payable	(26,777,215)	
HUD Loan	(1,429,000)	
Governmental installment purchases	(3,105,000)	
Separation allowance	(2,099,324)	
OPEB Liability	(10,286,118)	
Accrued vacation payable	<u>(2,990,524)</u>	(46,687,181)
Deferred charge on refunding	633,412	
Less accumulated amortization	<u>247,849</u>	385,563
Bond premium	(2,437,022)	
Less accumulated amortization	<u>(407,372)</u>	(2,029,650)
Pension related deferrals		(1,352,595)
Costs of health claims not accrued in the governmental fund statements		(360,010)
Costs of workers' compensation claims reserves not accrued in the governmental fund statements		(412,507)
Liabilities for earned revenues considered deferred inflows of resources in fund statements		<u>2,118,119</u>
Net position of governmental activities		<u>\$ 392,271,004</u>

See Notes to Financial Statements.

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCES

Year Ended June 30, 2016

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 48,027,069	\$ 107,027	\$ 48,134,096
Other taxes	16,191,844	-	16,191,844
Unrestricted intergovernmental revenues	5,100,371	-	5,100,371
Restricted intergovernmental revenues	3,752,327	4,327,641	8,079,968
Licenses and permits	1,289,489	-	1,289,489
Investment earnings	693,058	339,162	1,032,220
Investment earnings, restricted	32,037	-	32,037
Program income	-	1,712,599	1,712,599
Other revenues	3,549,753	247,864	3,797,617
Total revenues	78,635,948	6,734,293	85,370,241
Expenditures			
Current:			
General government	4,420,117	-	4,420,117
Public safety	34,797,980	-	34,797,980
Public works	10,956,118	-	10,956,118
Cultural and recreational	4,325,132	-	4,325,132
Planning and community development	3,163,221	107,027	3,270,248
Administration	-	2,010,137	2,010,137
Housing assistance payments	-	3,832,265	3,832,265
Rehabilitation	-	1,072,157	1,072,157
Capital outlay	2,673,297	8,025,700	10,698,997
Debt service	807,276	3,111,470	3,918,746
Total expenditures	61,143,141	18,158,756	79,301,897
Excess (deficiency) of revenues over (under) expenditures	17,492,807	(11,424,463)	6,068,344
Other Financing Sources (Uses)			
Transfers from other funds	2,156,518	18,730,079	20,886,597
Transfers to other funds	(20,237,376)	(2,779,931)	(23,017,307)
Total other financing sources (uses)	(18,080,858)	15,950,148	(2,130,710)
Net change in fund balances	(588,051)	4,525,685	3,937,634
Fund Balances			
Beginning	69,743,640	37,314,689	107,058,329
Ending	\$ 69,155,589	\$ 41,840,374	\$ 110,995,963

See Notes to Financial Statements.

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

Net change in fund balances - total governmental funds		\$	3,937,634
Amounts reported for governmental activities in the statement of activities are different because of the following:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.			
Expenditures for capital assets	\$	10,698,997	
Capital contributions		10,810,349	
Current year's depreciation		(22,064,010)	(554,664)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities			57,143
Repayment of long term debt principal is considered an expenditure in the governmental funds, but their repayment reduces long-term liabilities in the statement of net position.			
Principal payments			2,510,447
Premium			145,842
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund			
Current year amortization of bond insurance costs		(489)	
Current year amortization of deferred charge on refunding		(52,656)	
Change in law enforcement officers special separation allowance		(71,524)	
Change in OPEB liability		(567,318)	
Pension expense		633,839	
Change in long-term compensated absences		(37,994)	(96,142)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (see Note 2)			(560,792)
Costs of health claims not accrued in the governmental fund statements			50,452
Costs of workers' compensation claims not accrued in the governmental fund statements			37,674
Basis of property disposed of during the year			(10,233)
Change in net position of governmental activities		\$	<u>5,517,361</u>

See Notes to Financial Statements.

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes:				
Current year	\$ 45,407,200	\$ 45,407,200	\$ 46,818,193	\$ 1,410,993
Prior years	524,650	524,650	830,920	306,270
Penalties and interest	275,000	275,000	377,956	102,956
	46,206,850	46,206,850	48,027,069	1,820,219
Other taxes:				
Local government sales tax	14,084,105	14,084,105	16,191,844	2,107,739
Unrestricted intergovernmental revenues:				
Officers' fees	32,000	32,000	41,568	9,568
Utilities sales tax	3,338,915	3,338,915	4,683,008	1,344,093
Beer and wine tax	385,000	385,000	375,795	(9,205)
Fire protection	10,000	10,000	-	(10,000)
	3,765,915	3,765,915	5,100,371	1,334,456
Restricted intergovernmental revenues:				
State Street-Aid allocations	2,247,065	2,247,065	2,300,997	53,932
Cabarrus County schools	250,000	450,000	790,887	340,887
Transportation (federal, state and local)	306,755	331,755	274,038	(57,717)
On-behalf of payments - Fire and Rescue	-	-	6,139	6,139
Other restricted intergovernmental revenues	300,000	405,935	380,266	(25,669)
	3,103,820	3,434,755	3,752,327	317,572
Licenses and permits:				
Vehicle licenses	460,000	506,980	610,884	103,904
Zoning permits	209,000	304,113	367,387	63,274
Fire permits and inspections	185,000	249,648	309,986	60,338
Business registration fee	-	-	4,169	4,169
Other	12,300	12,300	(2,937)	(15,237)
	866,300	1,073,041	1,289,489	216,448
Investment earnings	616,000	616,000	693,058	77,058
Investment earnings restricted	15,000	15,000	32,037	17,037
	631,000	631,000	725,095	94,095
Other general revenues:				
Public safety	143,977	180,822	245,840	65,018
Environmental protection	1,536,000	1,753,699	2,040,391	286,692
Miscellaneous	450,060	672,782	937,431	264,649
Recreational	290,900	290,900	326,091	35,191
	2,420,937	2,898,203	3,549,753	651,550
Total revenues	71,078,927	72,093,869	78,635,948	6,542,079

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits	\$ 181,802	\$ 183,302	\$ 179,026	\$ 4,276
Professional services	81,000	81,000	74,067	6,933
Operating expenditures	106,406	112,906	113,411	(505)
Governing body cost allocations	(282,868)	(282,868)	(283,900)	1,032
	86,340	94,340	82,604	11,736
City Manager's Office:				
Salaries and employee benefits	711,487	728,487	731,852	(3,365)
Professional services	143,740	143,740	120,367	23,373
Operating expenditures	82,731	86,145	70,025	16,120
Administrative cost allocations	(446,629)	(446,629)	(552,031)	105,402
	491,329	511,743	370,213	141,530
Public Service Administration department:				
Salaries and employee benefits	152,116	162,116	159,018	3,098
Professional services	2,508	2,508	677	1,831
Operating expenditures	570,134	550,791	397,782	153,009
Capital outlay	-	-	-	-
Debt service	390,133	390,133	390,132	1
Administrative cost allocations	(786,150)	(786,150)	(539,558)	(246,592)
	328,741	319,398	408,051	(88,653)
Risk Management department:				
Salaries and employee benefits	205,820	208,320	207,681	639
Professional services	108,545	108,545	71,201	37,344
Operating expenditures	66,577	59,735	40,317	19,418
Capital outlay	-	-	-	-
Risk management cost allocations	(221,488)	(221,488)	(188,394)	(33,094)
	159,454	155,112	130,805	24,307
Finance department:				
Salaries and employee benefits	1,012,572	1,012,572	1,007,019	5,553
Professional services	46,404	46,404	57,495	(11,091)
Operating expenditures	79,257	78,404	55,125	23,279
Capital outlay	98,710	98,710	-	98,710
Finance cost allocations	(768,706)	(768,706)	(731,682)	(37,024)
	468,237	467,384	387,957	79,427

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Tax department:				
Salaries and employee benefits	\$ 193,326	\$ 198,326	\$ 196,056	\$ 2,270
Professional services	19,500	19,500	37,389	(17,889)
Operating expenditures	163,260	198,970	194,797	4,173
Cost allocations	11,209	11,209	10,045	1,164
	<u>387,295</u>	<u>428,005</u>	<u>438,287</u>	<u>(10,282)</u>
Legal department:				
Salaries and employee benefits	524,998	542,998	540,333	2,665
Professional services	53,500	53,500	74,764	(21,264)
Operating expenditures	54,306	54,306	40,234	14,072
Cost allocations	(411,372)	(411,372)	(427,939)	16,567
	<u>221,432</u>	<u>239,432</u>	<u>227,392</u>	<u>12,040</u>
Human resources:				
Salaries and employee benefits	518,302	518,302	528,697	(10,395)
Professional services	150,105	150,105	113,284	36,821
Operating expenditures	71,106	66,206	53,466	12,740
Human resources cost allocations	(447,619)	(447,619)	(448,160)	541
	<u>291,894</u>	<u>286,994</u>	<u>247,287</u>	<u>39,707</u>
Wellness center:				
Professional services	488,526	488,526	412,925	75,601
Operating expenditures	15,823	19,293	15,900	3,393
Wellness center cost allocations	(169,748)	(169,748)	(141,681)	(28,067)
	<u>334,601</u>	<u>338,071</u>	<u>287,144</u>	<u>50,927</u>
Nondepartmental:				
Professional services	53,716	53,716	51,389	2,327
Operating expenditures	2,356,423	2,234,875	1,231,542	1,003,333
Outside agencies	-	8,575	3,465	5,110
Capital outlay	-	5,195	-	5,195
Cost allocations	1,071,180	1,071,180	944,113	127,067
	<u>3,481,319</u>	<u>3,373,541</u>	<u>2,230,509</u>	<u>1,143,032</u>
Total general government	6,250,642	6,214,020	4,810,249	1,403,771
Public safety:				
Police department:				
Salaries and employee benefits	12,898,358	13,098,358	13,013,469	84,889
Professional services	344,328	344,328	277,336	66,992
Operating expenditures	2,864,917	3,028,342	2,370,454	657,888
Capital outlay	933,475	920,750	751,258	169,492
Cost allocations	761,620	761,620	679,768	81,852
	<u>17,802,698</u>	<u>18,153,398</u>	<u>17,092,285</u>	<u>1,061,113</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Communications:				
Salaries and employee benefits	\$ 1,215,658	\$ 1,215,658	\$ 1,151,267	\$ 64,391
Professional services	9,800	9,800	7,633	2,167
Operating expenditures	119,713	116,974	106,342	10,632
Capital outlay	52,663	52,663	45,834	6,829
Cost allocations	37,890	37,890	33,522	4,368
	<u>1,435,724</u>	<u>1,432,985</u>	<u>1,344,598</u>	<u>88,387</u>
Fire department:				
Salaries and employee benefits	12,892,935	12,863,935	12,802,499	61,436
Professional services	194,235	194,235	160,198	34,037
Operating expenditures	2,514,483	2,412,710	2,372,412	40,298
Capital outlay	1,445,466	1,445,466	1,087,775	357,691
Debt service	417,144	417,144	417,144	-
Cost allocations	890,593	890,593	788,368	102,225
	<u>18,354,856</u>	<u>18,224,083</u>	<u>17,628,396</u>	<u>595,687</u>
Code enforcement:				
Salaries and employee benefits	473,779	503,779	504,508	(729)
Professional services	2,088	2,088	1,910	178
Operating expenditures	216,702	215,882	116,813	99,069
	<u>692,569</u>	<u>721,749</u>	<u>623,231</u>	<u>98,518</u>
Emergency management:				
Salaries and employee benefits	116,074	117,074	115,552	1,522
Professional services	16,305	16,305	1,233	15,072
Operating expenditures	34,766	34,651	10,385	24,266
	<u>167,145</u>	<u>168,030</u>	<u>127,170</u>	<u>40,860</u>
Radio shop:				
Salaries and employee benefits	208,397	215,397	211,954	3,443
Professional services	2,610	2,610	2,394	216
Operating expenditures	97,938	97,473	69,963	27,510
Capital outlay	-	-	-	-
	<u>308,945</u>	<u>315,480</u>	<u>284,311</u>	<u>31,169</u>
Total public safety	<u>38,761,937</u>	<u>39,015,725</u>	<u>37,099,991</u>	<u>1,915,734</u>
Public works:				
Traffic services:				
Salaries and employee benefits	334,083	349,083	341,900	7,183
Professional services	9,469	9,469	2,231	7,238
Operating expenditures	231,727	214,929	168,225	46,704
Capital outlay	8,000	24,200	24,669	(469)
Cost allocations	30,658	30,658	27,510	3,148
	<u>613,937</u>	<u>628,339</u>	<u>564,535</u>	<u>63,804</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation signal:				
Salaries and employee benefits	\$ 364,126	\$ 364,126	\$ 325,310	\$ 38,816
Professional services	23,302	23,302	52,438	(29,136)
Operating expenditures	447,173	437,039	292,942	144,097
Capital outlay	20,000	30,000	29,178	822
Cost allocations	29,658	29,658	26,579	3,079
	884,259	884,125	726,447	157,678
Transportation:				
Salaries and employee benefits	1,706,894	1,706,894	1,507,024	199,870
Professional services	19,684	19,684	7,276	12,408
Operating expenditures	4,140,385	4,240,222	1,811,274	2,428,948
Capital outlay	387,000	387,000	384,391	2,609
Cost allocations	426,989	426,989	344,078	82,911
	6,680,952	6,780,789	4,054,043	2,726,746
Fleet services:				
Salaries and employee benefits	877,831	877,831	872,920	4,911
Professional services	630	630	716	(86)
Operating expenditures	2,747,300	2,787,294	1,896,589	890,705
Capital outlay	20,000	20,000	18,095	1,905
Cost allocations	(3,638,209)	(3,638,209)	(2,763,232)	(874,977)
	7,552	47,546	25,088	22,458
Solid waste and recycling:				
Salaries and employee benefits	1,760,549	1,760,549	1,737,466	23,083
Professional services	83,617	83,617	75,270	8,347
Operating expenditures	4,020,183	4,018,197	3,500,469	517,728
Capital outlay	357,000	357,000	306,751	50,249
Cost allocations	230,085	230,085	210,363	19,722
	6,451,434	6,449,448	5,830,319	619,129
Cemetery:				
Salaries and employee benefits	389,217	407,217	402,563	4,654
Professional services	15,875	15,875	7,635	8,240
Operating expenditures	136,910	135,862	108,362	27,500
Capital outlay	-	-	-	-
Cost allocations	234	234	210	24
	542,236	559,188	518,770	40,418
Total public works	15,180,370	15,349,435	11,719,202	3,630,233

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cultural and recreational:				
Recreation department:				
Salaries and employee benefits	\$ 1,434,721	\$ 1,434,721	\$ 1,304,497	\$ 130,224
Professional services	358,620	358,620	267,643	90,977
Operating expenditures	1,497,727	1,495,401	1,334,159	161,242
Capital outlay	100,000	100,000	25,346	74,654
Cost allocations	1,624,347	1,624,347	1,418,833	205,514
Total cultural and recreational	5,015,415	5,013,089	4,350,478	662,611
Planning and community development				
Planning department:				
Salaries and employee benefits	1,275,755	1,275,755	1,238,858	36,897
Professional services	596,250	536,250	459,739	76,511
Operating expenditures	546,760	1,009,582	851,044	158,538
Capital outlay	-	-	-	-
Incentive grants	525,043	525,043	170,971	354,072
Cost allocations	552,257	552,257	442,609	109,648
Total planning and community development	3,496,065	3,898,887	3,163,221	735,666
Total expenditures	68,704,429	69,491,156	61,143,141	8,348,015
Excess of revenues over expenditures	2,374,498	2,602,713	17,492,807	14,890,094
Other Financing Sources (Uses)				
Fund balance appropriated	2,979,897	15,533,169	-	15,533,169
Transfers from other funds	1,731,518	2,200,341	2,156,518	43,823
Transfers to other funds	(7,085,913)	(20,336,223)	(20,237,376)	(98,847)
Total other financing uses	(2,374,498)	(2,602,713)	(18,080,858)	15,478,145
Net change in fund balance	\$ -	\$ -	(588,051)	\$ (588,051)
Fund Balance				
Beginning			69,743,640	
Ending			\$ 69,155,589	

See Notes to Financial Statements.

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

June 30, 2016

ASSETS	Major Enterprise Funds						Nonmajor Enterprise Funds	Total	Business-type Activities Internal Service Fund
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund	Stormwater Fund				
Current Assets									
Cash and investments	\$ 58,622,744	\$ 48,265,983	\$ 16,553,236	\$ 997,227	\$ 11,899,276	\$ 621,077	\$ 136,959,543	\$ 1,963,777	
Receivables:									
Accounts receivable, net	22,599,781	3,682,072	2,077,302	6,166,952	205,997	102,060	34,834,164	-	
Due from other governmental agencies	-	-	-	-	-	928,612	928,612	-	
Interest	127,344	102,393	33,378	14,816	20,930	1,818	300,679	-	
Other receivables	-	-	-	-	-	798,886	798,886	25,584	
Inventories and prepaid expenses	4,201,373	496,931	56,655	14,304	1,060	71,127	4,841,450	9,703	
Total current assets	85,551,242	52,547,379	18,720,571	7,193,299	12,127,263	2,523,580	178,663,334	1,999,064	
Noncurrent Assets									
Restricted assets - cash and investments	3,339,343	2,025,573	2,236,465	4,043,677	-	39,961	11,685,019	316,938	
Capital assets	140,830,349	153,646,236	119,462,356	109,628,679	58,933,321	31,277,109	613,778,050	10,096,217	
Less accumulated depreciation	(75,416,371)	(63,126,243)	(44,850,147)	(25,764,144)	(17,120,103)	(9,484,550)	(235,761,558)	(3,143,531)	
Total noncurrent assets	68,753,321	92,545,566	76,848,674	87,908,212	41,813,218	21,832,520	389,701,511	7,269,624	
Total assets	154,304,563	145,092,945	95,569,245	95,101,511	53,940,481	24,356,100	568,364,845	9,268,688	
DEFERRED OUTFLOWS OF RESOURCES									
Contributions to pension plan	234,824	218,644	102,310	112,460	67,582	50,438	786,258	378,580	
Deferred charge on refunding	1,203,392	1,919,108	468,875	39,704	-	104,484	3,735,563	-	
Total deferred outflows of resources	1,438,216	2,137,752	571,185	152,164	67,582	154,922	4,521,821	378,580	
LIABILITIES									
Current Liabilities									
Accounts payable and accrued expenses	6,171,051	1,689,654	628,888	2,249,710	178,012	412,972	11,330,287	394,652	
Current portion of long-term debt	2,357,197	3,337,361	2,171,913	1,226,998	47,553	879,180	10,020,202	503,038	
Accrued interest	41,613	72,784	46,599	2,945	-	7,732	171,673	21,660	
Due to other funds	-	-	-	-	-	1,952,667	1,952,667	-	
Total current liabilities	8,569,861	5,099,799	2,847,400	3,479,653	225,565	3,252,551	23,474,829	919,350	
Noncurrent Liabilities									
Long-term debt due after one year	20,494,474	31,703,362	14,877,780	12,426,199	305,866	4,172,978	83,980,659	8,870,263	
Deposits	1,965,208	531,937	858	85,861	-	39,961	2,623,825	-	
Total noncurrent liabilities	22,459,682	32,235,299	14,878,638	12,512,060	305,866	4,212,939	86,604,484	8,870,263	
Total liabilities	31,029,543	37,335,098	17,726,038	15,991,713	531,431	7,465,490	110,079,313	9,789,613	
DEFERRED INFLOWS OF RESOURCES									
Pension deferrals	175,755	160,063	74,285	65,040	28,621	14,972	518,736	284,088	
NET POSITION									
Net investment in capital assets	45,561,628	58,958,995	58,569,613	74,856,585	41,813,218	17,177,127	296,937,166	699,175	
Unrestricted	78,975,853	50,776,541	19,770,494	4,340,337	11,634,793	(146,567)	165,351,451	(1,125,608)	
Total net position	\$ 124,537,481	\$ 109,735,536	\$ 78,340,107	\$ 79,196,922	\$ 53,448,011	\$ 17,030,560	\$ 462,288,617	\$ (426,433)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							(426,433)		
Net position of business-type activities							\$ 461,862,184		

See Notes to Financial Statements.

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the Year Ended June 30, 2016

	Major Enterprise Funds						Nonmajor Enterprise Funds	Total	Business-type Activities Internal Service Fund
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund	Stormwater Fund				
Operating Revenues									
Charges for services	\$ 80,794,414	\$ 20,670,255	\$ 15,961,739	\$ 7,610,116	\$ 3,942,737	\$ 1,649,649	\$ 130,628,910	\$ 10,184,629	
Other operating revenues	1,292,523	2,271,670	1,689,283	53,365	22,792	653,731	5,983,364	-	
Total operating revenue	82,086,937	22,941,925	17,651,022	7,663,481	3,965,529	2,303,380	136,612,274	10,184,629	
Operating Expenses									
General and administrative	2,555,812	-	-	-	-	1,302,960	3,858,772	6,120,195	
Professional services	-	-	-	-	-	3,418,999	3,418,999	1,270,767	
Water plant and lakes	-	6,239,588	-	-	-	-	6,239,588	-	
Water line operation and maintenance	-	4,493,923	-	-	-	-	4,493,923	-	
Wastewater line and plant	-	-	11,663,231	-	-	-	11,663,231	-	
Purchased power	47,243,223	-	-	-	-	-	47,243,223	-	
Power line and plant	12,119,178	-	-	-	-	-	12,119,178	-	
Airport operation and maintenance	-	-	-	6,408,893	-	-	6,408,893	-	
Stormwater operation and maintenance	-	-	-	-	2,301,696	-	2,301,696	-	
Utilities	-	-	-	-	-	239,467	239,467	-	
Housing maintenance and repairs	-	-	-	-	-	347,653	347,653	-	
Operating supplies	-	-	-	-	-	196,331	196,331	-	
Other operating costs	-	-	-	-	-	786,575	786,575	1,959,708	
Depreciation and amortization	4,287,641	3,861,374	3,150,045	2,450,251	1,698,833	1,572,247	17,020,391	327,458	
Total operating expenses	66,205,854	14,594,885	14,813,276	8,859,144	4,000,529	7,864,232	116,337,920	9,678,128	
Operating income (loss)	15,881,083	8,347,040	2,837,746	(1,195,663)	(35,000)	(5,560,852)	20,274,354	506,501	
Nonoperating Revenues (Expenses)									
Operating subsidy	-	-	-	-	-	2,084,934	2,084,934	-	
Interest earned on investments	643,379	471,521	250,612	62,641	86,651	7,118	1,521,922	2,086	
Interest expense	(864,597)	(1,330,248)	(720,229)	(331,471)	-	(101,494)	(3,348,039)	(281,022)	
Gain (loss) on sale of capital assets	23,288	22,784	35,099	-	185	-	81,356	-	
Other	-	-	-	397,623	-	11,359	408,982	-	
Total nonoperating revenues (expenses)	(197,930)	(835,943)	(434,518)	128,793	86,836	2,001,917	749,155	(278,936)	
Income (loss) before capital contributions and transfers	15,683,153	7,511,097	2,403,228	(1,066,870)	51,836	(3,558,935)	21,023,509	227,565	
Capital contributions	-	3,010,736	3,203,273	7,722,023	-	-	13,936,032	-	
Transfers in	-	-	-	756,641	-	2,039,856	2,796,497	-	
Transfers out	(570,659)	(5,817)	(3,116)	-	(2,078)	(25,337)	(607,007)	(58,780)	
Transfers in (out)	(570,659)	(5,817)	(3,116)	756,641	(2,078)	2,014,519	2,189,490	(58,780)	
Change in net position	15,112,494	10,516,016	5,603,385	7,411,794	49,758	(1,544,416)	37,149,031	168,785	
Net Position									
Beginning	109,424,987	99,219,520	72,736,722	71,785,128	53,398,253	18,574,976		(595,218)	
Ending	\$ 124,537,481	\$ 109,735,536	\$ 78,340,107	\$ 79,196,922	\$ 53,448,011	\$ 17,030,560		\$ (426,433)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							168,785		
Change in net position of business-type activities							\$ 37,317,816		

See Notes to Financial Statements.

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
Year Ended June 30, 2016

	Major Enterprise Funds						Total	Business-type Activities Internal Service Fund
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund	Stormwater Fund	Nonmajor Enterprise Funds		
Cash Flows From Operating Activities								
Receipts from customers	\$ 80,888,818	\$ 24,644,940	\$ 17,614,049	\$ 3,886,361	\$ 3,940,774	\$ 3,759,359	\$ 134,734,301	\$ 10,223,680
Payments to employees	(5,399,730)	(4,048,082)	(1,608,495)	(1,783,534)	(1,363,332)	(714,408)	(14,917,581)	(6,172,227)
Payments to suppliers	(57,855,155)	(6,830,057)	(9,952,068)	(3,449,115)	(823,037)	(5,265,069)	(84,174,501)	(3,856,106)
Net cash provided by (used in) operating activities	17,633,933	13,766,801	6,053,486	(1,346,288)	1,754,405	(2,220,118)	35,642,219	195,347
Cash Flows From Noncapital Financing Activities								
Due to (from) other funds	-	-	-	-	-	(702,302)	(702,302)	-
Transfers in	-	-	-	756,641	-	2,039,856	2,796,497	-
Transfers out	(570,659)	(5,817)	(3,116)	-	(2,078)	(25,337)	(607,007)	(58,780)
Operating grants received	-	-	-	-	-	2,084,934	2,084,934	-
Net cash provided by (used in) noncapital financing activities	(570,659)	(5,817)	(3,116)	756,641	(2,078)	3,397,151	3,572,122	(58,780)
Cash Flows From Capital and Related Financing Activities								
Principal payment on long-term debt	(9,874,795)	(12,895,565)	(5,156,243)	(807,100)	-	(840,000)	(29,573,703)	(217,350)
Interest paid	(902,504)	(1,390,123)	(738,509)	(413,631)	-	(101,372)	(3,546,139)	(279,795)
Issuance of debt	8,719,112	10,971,222	3,455,703	5,759,000	-	-	28,905,037	-
Bond issuance costs	(873,217)	(1,098,766)	(346,087)	-	-	-	(2,318,070)	-
Acquisition and construction of capital assets	(4,675,686)	(4,147,185)	(398,095)	(12,159,798)	(759,313)	(182,686)	(22,322,763)	(2,424,932)
Capital contributions - federal grant	-	-	-	7,722,023	-	-	7,722,023	-
Proceeds from the sale of capital assets	45,765	22,784	35,099	397,623	185	-	501,456	-
Net cash provided by (used in) capital and related financing activities	(7,561,325)	(8,537,633)	(3,148,132)	498,117	(759,128)	(1,124,058)	(20,632,159)	(2,922,077)
Cash Flows From Investing Activities								
Earnings on investments	628,910	459,887	246,820	60,958	84,273	6,911	1,487,759	2,085
Net cash provided by (used in) investing activities	628,910	459,887	246,820	60,958	84,273	6,911	1,487,759	2,085
Net increase (decrease) in cash and cash equivalents	10,130,859	5,683,238	3,149,058	(30,572)	1,077,472	59,886	20,069,941	(2,783,425)
Cash and cash equivalents:								
Beginning	51,831,228	44,608,318	15,640,643	5,071,476	10,821,804	601,152	128,574,621	5,064,140
Ending	\$ 61,962,087	\$ 50,291,556	\$ 18,789,701	\$ 5,040,904	\$ 11,899,276	\$ 661,038	\$ 148,644,562	\$ 2,280,715

Noncash investing, capital and financing activities:

The City of Concord received noncash capital contributions in the Water and Wastewater Funds in the amount of \$6,214,009 representing donated capital assets.

Continued

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2016

	Major Enterprise Funds						Total	Business-type Activities Internal Service Fund
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund	Stormwater Fund	Nonmajor Enterprise Funds		
Operating income (loss)	\$ 15,881,083	\$ 8,347,040	\$ 2,837,746	\$ (1,195,663)	\$ (35,000)	\$ (5,560,852)	\$ 20,274,354	\$ 506,501
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	4,287,641	3,861,374	3,150,045	2,450,251	1,698,833	1,572,247	17,020,391	327,458
Pension expense	(74,665)	(69,909)	(32,780)	(37,837)	(23,876)	(18,515)	(257,582)	(120,292)
Other income	-	-	-	-	-	82,256	82,256	-
Changes in assets and liabilities:								
(Increase) decrease in:								
Accounts receivable	(1,256,537)	1,681,020	(37,106)	(3,778,971)	(24,755)	1,257,477	(2,158,872)	39,051
Due from other governmental agencies	-	-	-	-	-	407,994	407,994	-
Inventories and prepaid expenses	(739,876)	60,819	41,045	22,721	400	9,964	(604,927)	1,854
Deferred outflows of resources for pensions	(6,731)	(6,303)	(2,955)	(3,412)	(2,153)	(1,669)	(23,223)	(10,845)
Increase (decrease) in:								
Accounts payable and accrued expenses	(568,061)	(221,386)	70,558	1,156,881	122,392	2,522	562,906	(638,191)
Vacation accrual	(14,167)	29,579	(2,539)	4,024	(2,807)	8,518	22,608	(17,858)
OPEB liability	66,828	62,572	29,339	33,867	21,371	16,571	230,548	107,669
Deposits	58,418	21,995	133	1,851	-	3,369	85,766	-
Net cash provided by (used in) operating activities	\$ 17,633,933	\$ 13,766,801	\$ 6,053,486	\$ (1,346,288)	\$ 1,754,405	\$ (2,220,118)	\$ 35,642,219	\$ 195,347

See Notes to Financial Statements

CITY OF CONCORD, NORTH CAROLINA

Exhibit K

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2016

	Other Postemployment Benefit Trust Fund	Agency Funds
ASSETS		
Cash	<u>\$ 1,054,550</u>	<u>\$ 2,563,246</u>
Total assets	<u><u>\$ 1,054,550</u></u>	<u><u>\$ 2,563,246</u></u>
LIABILITIES		
Agency payable	<u>\$ -</u>	<u>\$ 2,563,246</u>
NET POSITION		
Net position held in trust for OPEB benefits and other purposes	<u><u>\$ 1,054,550</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements

CITY OF CONCORD, NORTH CAROLINA

Exhibit L

FIDUCIARY FUNDS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2016**

	Other Postemployment Benefit Trust Fund
Additions:	
Employer contributions	\$ 984,892
Member contributions	272,753
	<u>1,257,645</u>
Investment income (loss)	(11,419)
Total additions	<u>1,246,226</u>
Deductions:	
Benefits	<u>1,157,645</u>
Change in net position	88,581
Net position, beginning	<u>965,969</u>
Net position, ending	<u><u>\$ 1,054,550</u></u>

See Notes to Financial Statements

This page is intentionally blank.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements and the following accounting policies of the City of Concord, North Carolina (the "City") and its discretely presented component unit, are in conformity with accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting policies:

A. Reporting Entity

The City of Concord is a municipal corporation governed by an elected mayor, mayor pro tempore and a six-member City Council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the City's financial statements to emphasize that it is legally separate from the City.

BLENDED COMPONENT UNIT – FIRST CONCORD CORPORATION

First Concord Corporation ("First Concord") was established during 1992 as a nonprofit corporation of the City. The City Council appoints one of the three members of the First Concord Board of Directors. First Concord is specifically organized exclusively for the purpose of promoting the general welfare of the citizens of the City as a financing vehicle of the City. It will carry out this function through the acquisition, construction, sale or lease of real estate and improvements, facilities and equipment for the use of the City. In the event First Concord is unable to meet its debt service requirements, the City would be held liable. First Concord Corporation's activities, which have a June 30 year-end, are included in the funds in which the activity takes place.

DISCRETELY PRESENTED COMPONENT UNIT – CITY OF CONCORD ALCOHOLIC BEVERAGE CONTROL (ABC) BOARD

The City Council appoints the members of the Alcoholic Beverage Control Board. In addition, the ABC Board is required by State statute to distribute a share of its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at City of Concord ABC Board, 230 International Drive, Concord, North Carolina 28027.

B. Basis of Presentation – Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds even though they are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The government reports the following major governmental fund:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for general government services, public safety, public works, cultural and recreational and planning and community development.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Proprietary funds are presented in the financial statements on the accrual basis of accounting, similar to the basis used by government-wide statements and are accounted for on a flow of economic resources measurement focus. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period they are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of fees intended to recover the cost of connecting new customers or reconnecting current customers to the water and wastewater systems. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary funds are used to account for operations that are financed and operated where the intent of the government's board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the government's board has decided that periodic determination of net income is appropriate for accountability purposes.

The government reports the following major proprietary funds:

Electric, Water, Wastewater and Stormwater Funds: The Electric, Water, Wastewater and Stormwater Funds are used to account for the activities of the City's electric and water distribution operations and wastewater and stormwater collection.

Regional Airport Fund: The Regional Airport Fund is used to account for the operations of the City's regional airport.

Additionally, the government reports the following fund types:

Internal Service Fund: The internal service fund accounts for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis. The City's internal services include various administrative, engineering and maintenance functions that predominately benefit business-type activities.

Pension Trust Fund: The City maintains a Pension Trust Fund – the Other Postemployment Benefit Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Other Postemployment Benefit Fund accounts for the City's contributions for healthcare coverage provided to qualified retirees.

Agency Funds: Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for the activities of the Joe Cannon Trust and the Employee's Self Funded insurance funds in which the City holds these funds on behalf of other entities.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

In accordance with North Carolina General Statutes, all governmental funds of the City are maintained during the year using the modified accrual basis of accounting. The governmental fund financial statements are reported on this same basis and use the current financial resources measurement focus. Under the modified accrual basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available"); "measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay the liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Concord because the tax is levied by Cabarrus County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Housing Assistance Fund, the Municipal Service District Fund, the Additional Vehicle Tax Fund, the Electric Operating Fund, the Water Operating Fund, the Wastewater Operating Fund, the Stormwater Operating Fund, the Golf Course Operating Fund, the Regional Airport Operating Fund, the Housing Department Operating Fund, and the Internal Service Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development Fund, the Home Fund, the Section 108 Loan/BEDI Grant Fund, the Housing Capital Project Fund, the Parks and Recreation Capital Project Fund, the Transportation Capital Project Fund, the General Fund Capital Project Fund, the General Capital Reserve Project Fund, the Fire and Life Safety Capital Project Fund, the Electric Projects Capital Project Fund, the Water Projects Capital Project Fund, the Wastewater Projects Capital Project Fund, the Airport Capital Project Fund, the Stormwater Capital Project Fund, the Transit Fund, the Utility Capital Reserve Project Fund, the Golf Capital Project Fund, the 2008 Revenue Bond Capital Projects Fund and First Concord Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. The City Manager is authorized to reallocate departmental appropriations and to effect interdepartmental transfers within a fund as long as such transfers do not exceed 10% of the appropriated funds for the department whose allocation is reduced. During the year several amendments to the original budgets were necessary.

A budget calendar is included in the North Carolina General Statutes, which prescribed the last day on which certain steps of that budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 – each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.

June 1 – The budget and the budget message shall be submitted to the governing board. The public hearing on the budget shall be scheduled at this time.

July 1 – The budget ordinance shall be adopted by the governing board.

As required by G.S. 159-26(d), the City maintains encumbrance accounts, which are considered to be "budgetary accounts." Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result in unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

All deposits of the City and of the ABC Board are made in board-designated official depositories and are secured as required by State statute (G.S. 159-31). The City and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the ABC Board may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

State statute (G.S. 159-30(c)) authorizes the City and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC-registered mutual fund.

The City's investments with a maturity of more than one year at acquisition and nonmoney market investments are reported at cost or amortized cost, which approximates their fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

General Statute 159-30.1 allows the City to establish an Other Postemployment Benefit (OPEB) Trust Fund managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC and G.S. 159-30(g) allows the City to make contributions to the Trust. The State Treasurer in her discretion may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the long-term investment fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies, and BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B authorized under G.S. 147-69.2(b)(8). The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The LTIF is also valued at \$1 per share. The Global Ex-US Alpha Tilts Fund B is priced at 19.5402 per share and the Russell 3000 Alpha Tilts Fund B is priced at 52.9093 per share at June 30, 2016.

CASH AND CASH EQUIVALENTS

The City maintains a cash and investment pool that is used by all funds, except First Concord Corporation, to facilitate disbursement and investment and to maximize investment income. Each fund type's portion of these pools is displayed on the combined balance sheet as "Cash and investments". Interest earned is distributed to the various funds based on the proportionate share of investments. Since the cash management pools operate as demand deposit accounts, amounts invested in the pool by the proprietary fund types are considered cash and cash equivalents for the purpose of the statement of cash flows with respect to those funds.

RESTRICTED ASSETS

The unexpended bond proceeds for the 2014 limited obligation bonds issued by the City and deposits on hand are classified as restricted assets for the respective funds because their use is completely restricted to the purpose for which the bonds were originally issued and the deposits will be used for. Monies set aside for debt service, extension, and replacement fund as required by the bond documents or designated for future projects are also classified as restricted assets. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

<u>City of Concord Restricted Cash:</u>	
Governmental Activities	
General Fund	
Streets	\$ 4,231,188
Customer deposits	3,886,838
Debt service, extension, and replacement	315,571
Nonmajor governmental funds	
Unexpended bond proceeds	689,140
Debt service, extension, and replacement	104
Future capital projects	26,285,848
Total governmental activities	<u>\$ 35,408,689</u>

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Business-type Activities	
Electric Fund	
Customer deposits	\$ 1,965,208
Debt service, extension, and replacement	1,374,135
Water Fund	
Customer deposits	531,937
Debt service, extension, and replacement	1,493,636
Wastewater Fund	
Customer deposits	858
Debt service, extension, and replacement	2,235,607
Regional Airport Fund	
Customer deposits	85,861
Unexpended bond proceeds	3,957,816
Nonmajor enterprise funds	
Customer deposits	39,961
Internal Service Fund	
Debt service, extension, and replacement	34
Unexpended bond proceeds	316,904
Total business-type activities	<u>\$ 12,001,957</u>
Total Restricted Cash	<u>\$ 47,410,646</u>

AD VALOREM TAXES RECEIVABLE

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due September 1st (Lien Date); however, interest does not accrue until the following January 6th, and property becomes subject to lien. Liens are published the following May. The taxes levied are based on the assessed values as of January 1st.

ALLOWANCES FOR DOUBTFUL ACCOUNTS

Allowances for doubtful accounts are maintained on all types of receivables which historically experienced uncollectible accounts. This amount is estimated based on the aging of the related receivables uncollectible at year end.

INVENTORIES AND PREPAID ITEMS

The inventories of the City and the ABC Board are valued at average cost, which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures when consumed.

The inventories of the City's enterprise funds consist of materials and supplies held for consumption. The costs of these inventories are recorded as an expense as the inventories are consumed. The inventories of the ABC Board consist of goods held for resale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The minimum capitalization cost for infrastructure is \$100,000. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. General infrastructure assets acquired prior to July 1, 2001, consist of roads, curbs and gutters, and bridges that were acquired, contributed or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical deflated replacement cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City reported \$91,903 in capitalized interest as part of the cost of capital assets under construction in fiscal year 2016.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets are depreciated using straight-line method over the following estimated useful lives:

	Estimated Useful Life	
	City of Concord (In Years)	ABC Board
Electric plant and distribution systems	25 – 40	–
Waste treatment plant and distribution systems	30 – 60	–
Water plant and distribution system	40 – 50	–
Buildings and improvements	20 – 50	40
Infrastructure assets	40 – 50	–
Leasehold improvements	–	10 – 40
Automobiles and trucks	3 – 6	5
Other property	3 – 10	–
Furniture/equipment	3 – 5	10

The City evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the government are reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used by the government are measured using the method that best reflects the diminished service utility of the capital asset. Any insurance recoveries received as a result of impairment events or changes in circumstances resulting in the impairment of a capital asset are netted against the impairment loss.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, contributions made to the pension plan in the 2016 fiscal year and an unamortized loss on a bond defeasance for refunding bonds. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category – prepaid taxes, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

LONG-TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

COMPENSATED ABSENCES

The vacation policies of the City and the ABC Board provide for the accumulation of up to thirty-six (36) days earned vacation leave with such leave being fully vested when earned. All vacation pay is accrued when incurred in the government-wide, proprietary funds and the ABC Board financial statements. Current maturities of accrued vacation pay have been determined based on the annualized vacation taken in the first quarter of the current fiscal year. A liability for these amounts is reported in the governmental funds only if

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

they have matured, for example, as a result of employee resignations and retirements. For the governmental activities, compensated absences are generally liquidated by the general fund.

Both the City and the ABC Board's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the City nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

NET POSITION AND FUND BALANCES

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year end balance of ending inventories, which are not spendable resources.

Prepays – portion of fund balance that is not an available resource because it represents the year end balance of prepaid expenses, which are not spendable resources.

Restricted Fund Balance – This classification includes amounts that are restricted for specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State statute (G.S. 159-8(a)).

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for certain police department drug enforcement related expenditures.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by resolution of City of Concord's City Council (highest level of decision-making authority). The City Council can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

Committed for Future Capital Purchases – portion of fund balance committed by the City Council for future capital purchases including parks, greenways, street projects, and fire stations.

Committed for Planning and Community Development – portion of fund balance committed by the City Council for planning and community development related programs.

Committed for Housing Assistance – portion of fund balance committed by the City Council for housing assistance payments.

Assigned Fund Balance – portion of fund balance that City of Concord intends to use for specific purposes.

Assigned for Future Capital Purchases – portion of fund balance that has been budgeted by the City Council for various future capital purchases and projects.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City of Concord has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

The City of Concord has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that available fund balance is at least equal to or greater than 35% of expenditures. Any portion of the General fund balance in excess of 35% of expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the City in a future budget.

PENSIONS

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government Employee's Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Concord's employer contributions are recognized when due and the City of Concord has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental funds reconciliation of the balance sheet to the statement of net position includes a reconciling item that relates to deferred inflows of resources susceptible to full accrual on the entity-wide statements. In the governmental funds, the ad valorem taxes were not susceptible to accrual as revenues and were reported as deferred inflows of resources. The \$2,118,119 adjustment reflected on the reconciliation represents these ad valorem taxes outstanding at year end.

The governmental funds reconciliation of the statement of revenues, expenditures and changes in fund balance to the statement of activities includes revenues in the amount of \$560,792 that did not provide current financial resources for the fund. This adjustment reflected on the reconciliation represents the change between the ad valorem taxes outstanding for the years ended June 30, 2016 and June 30, 2015.

The statement of net position and statement of activities for the business-type activities include a reconciling item between the proprietary funds statement of net position and statement of revenues, expenses and changes in fund net position. This difference represents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and activity of the internal service funds that are reported within the business-type activities.

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments

Deposits – All of the City’s and the ABC Board’s deposits are either insured or collateralized by using one of two methods. Under the dedicated method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the City’s or the ABC Board’s agents in these units’ names. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by their agents in the entities’ names. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City or the ABC Board under the pooling method, the potential exists for the under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The City and the ABC Board have no formal policy regarding custodial credit risk for deposits, but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2016, the City’s deposits had a carrying amount of \$33,280,878 and a bank balance of \$29,020,237. Of the bank balance, \$1,500,000 was covered by federal depository insurance and \$27,520,237 in interest-bearing deposits was covered by collateral held under the pooling method. The City had cash on hand of \$14,850 at June 30, 2016.

At June 30, 2016, the carrying amount of deposits for the ABC Board was \$2,189,657 and the bank balance was \$2,178,214. All of the bank balances were covered by federal depository insurance or collateralized deposits.

At June 30, 2016, the City’s investment balances were as follows:

	Valuation		Less than 6 Months	Reported 6 – 12 Months	Reported 1 – 3 Years	More than 3 Years
	Measurement Method	Reported Value				
U. S. Government agencies	Fair Value Level 1	\$ 156,978,613	\$ 4,252,908	\$ 2,757,157	\$ 42,296,516	\$ 107,672,032
Commercial paper	Cost	62,409,652	62,409,652	-	-	-
North Carolina Capital Management Trust – Cash Portfolio	Amortized Cost	4,226,278	4,226,278	N/A	N/A	N/A
North Carolina Capital Management Trust – Term Portfolio	Fair Value Level 1	5,032,972	5,032,972	N/A	N/A	N/A
Total		<u>\$ 228,647,515</u>	<u>\$ 75,921,810</u>	<u>\$ 2,757,157</u>	<u>\$ 42,296,516</u>	<u>\$ 107,672,032</u>

* Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk – The investment program is managed so that investments and deposits can be converted to cash when needed with the primary objective being the safety of the investment. The City maintains investments of funds designed to emphasize safety, liquidity, and yield. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy includes diversification guidelines. With the exception of US treasury securities and the NCCMT, no more than 30% of the City’s total investment portfolio will be invested in a single security type or with a single financial institution. Other limits are certificates of deposit shall not exceed 25% of the City’s total portfolio, commercial paper shall not exceed 25%, and bankers’ acceptances shall not exceed 5%. Another component of the City’s investment policy intended to limit interest rate risk is maturity limits. At least 60% of the investment portfolio will have maturities of no more than 3 years from the date of purchase, 80% of the portfolio will mature in 5 years or less, 90% will mature in 10 years or less.

Credit Risk – The City limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issues

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

nationally recognized statistical rating organizations (NRSROs). As of June 30, 2016, the City's investments in commercial paper consisted of thirteen different issuers. All were rated A1 or A1+ by Standard & Poor's and P1 by Moody's. The City's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poors as of June 30, 2016. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The City's investments in US Government Agencies (Federal Home Loan Bank, Federal Farm Credit, and FNMA) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk – As noted above under Interest Rate Risk, the City's investment policy limits the amount the City may invest in any one issuer. More than 5 percent of the City's investments are in the Federal Home Loan Mortgage Corporation, FNMA Discount Notes, and Federal Home Loan Bank. These investments are 29%, 18%, and 18% respectively, of the City's total investments.

OPEB Trust Fund

At June 30, 2016, the City's Health Care Plan had \$1,054,550 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Fund was invested as follows: State Treasurer's Short Term Investment Fund (STIF) 24.74%; State Treasurer's Long Term Investment Fund (LTIF) 10.14% and BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B 65.11% (the equities were split with 75% in domestic securities and 25% in international securities). The STIF is not an SEC registered security and is stated at fair value. Oversight of the STIF is provided by the State Treasurer's Office to ensure the STIF is managed according to NC General Statutes. The fair value of the City's position in the pool is the same as the value of the pool shares.

Interest Rate Risk – The State Treasurer's Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.5 years at June 30, 2016. The State Treasurer's Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 17.9 years at June 30, 2016.

Credit Risk – The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The LTIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's LTIF is invested in treasuries, agencies and corporate bonds with longer term maturities.

At June 30, 2016, the ABC Board did not have any investments.

Note 4. Receivables and Allowances for Doubtful Amounts

Receivables as of year end for the governmental activities and the business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts receivable, net	\$ -	\$ 34,834,164
Ad valorem taxes, net	2,118,119	-
Due from other governmental agencies	730,366	928,612
Sales tax refunds	1,501,601	-
Interest	250,115	300,679
Other, net	5,728,379	824,470
	\$ 10,328,580	\$ 36,887,925

Receivables as of year end also included the following allowances for doubtful accounts:

Governmental Activities, allowance for doubtful ad valorem taxes	\$ 706,040
Governmental Activities, allowance for doubtful other receivables	\$ 4,755
Business-type Activities, allowance for doubtful accounts receivable	\$ 203,929

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	July 1, 2015	Increases	Decreases	Transfers	June 30, 2016
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 54,019,394	\$ 317,327	\$ -	\$ -	\$ 54,336,721
Construction in progress	19,431,187	2,330,191	17,406,551	-	4,354,827
Total capital assets, not being depreciated	73,450,581	2,647,518	17,406,551	-	58,691,548
Capital assets, being depreciated:					
Buildings	48,453,990	16,835,477	-	-	65,289,467
Improvements other than buildings	3,428,642	2,476,607	-	-	5,905,249
Machinery and equipment	29,558,172	2,616,006	1,067,458	(118,433)	30,988,287
Infrastructure	559,702,068	14,340,289	-	-	574,042,357
Total capital assets, being depreciated	641,142,872	36,268,379	1,067,458	(118,433)	676,225,360
Accumulated depreciation:					
Buildings	21,650,215	1,961,595	-	-	23,611,810
Improvements other than buildings	1,971,095	173,941	-	-	2,145,036
Machinery and equipment	23,128,327	2,170,660	1,057,225	(118,433)	24,123,329
Infrastructure	337,393,328	17,757,814	-	-	355,151,142
Total accumulated depreciation	384,142,965	22,064,010	1,057,225	(118,433)	405,031,317
Total capital assets, being depreciated, net	256,999,907	\$ 14,204,369	\$ 10,233	\$ -	271,194,043
Government activities capital assets, net	<u>\$ 330,450,488</u>				<u>\$ 329,885,591</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 40,612,034	\$ 269,454	\$ -	\$ -	\$ 40,881,488
Construction in progress	25,089,047	13,916,269	24,057,579	-	14,947,737
Total capital assets, not being depreciated	65,701,081	14,185,723	24,057,579	-	55,829,225
Capital assets, being depreciated:					
Buildings	59,092,553	5,937,119	514,667	-	64,515,005
Improvements other than buildings	440,386,097	32,199,628	188,799	-	472,396,926
Machinery and equipment	29,440,229	2,788,718	1,214,269	118,433	31,133,111
Total capital assets, being depreciated	528,918,879	40,925,465	1,917,735	118,433	568,045,042
Accumulated depreciation:					
Buildings	22,992,073	2,171,349	443,771	-	24,719,651
Improvements other than buildings	180,726,615	12,646,017	188,799	-	193,183,833
Machinery and equipment	19,468,161	2,606,803	1,191,792	118,433	21,001,605
Total accumulated depreciation	223,186,849	17,424,169	1,824,362	118,433	238,905,089
Total capital assets, being depreciated, net	305,732,030	\$ 23,501,296	\$ 93,373	\$ -	329,139,953
Business-type activities capital assets, net	<u>\$ 371,433,111</u>				<u>\$ 384,969,178</u>

A detailed breakdown of business-type activities capital assets by fund can be found at Schedule 5.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 565,599
Public safety	2,566,086
Public works	18,507,598
Culture and recreational	372,684
Planning and community development	52,043
Total depreciation expense – governmental activities	<u>\$ 22,064,010</u>
Business-type activities:	
Electric	\$ 4,280,301
Water	3,876,052
Wastewater	3,138,547
Regional airport	2,452,852
Stormwater	1,698,834
Other nonmajor business-type activities	1,622,343
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	355,240
Total depreciation expense – business-type activities	<u>\$ 17,424,169</u>

Activity for the ABC Board for the year ended June 30, 2016, was as follows:

Component unit:	July 1, 2015	Increases	Decreases	June 30, 2016
Capital assets not being depreciated:				
Land	\$ 227,148	\$ 760,006	\$ -	\$ 987,154
Construction in progress	1,516,049	-	1,516,049	-
Total capital assets not being depreciated	<u>1,743,197</u>	<u>760,006</u>	<u>1,516,049</u>	<u>987,154</u>
Capital assets, being depreciated:				
Buildings	51,078	3,331,294	-	3,382,372
Improvements other than buildings	466,182	-	-	466,182
Machinery and equipment	404,888	127,688	-	532,576
Total capital assets, being depreciated	<u>922,148</u>	<u>3,458,982</u>	<u>-</u>	<u>4,381,130</u>
Accumulated depreciation	680,045	93,548	-	773,593
Total capital assets, being depreciated, net	<u>242,103</u>	<u>\$ 3,365,434</u>	<u>\$ -</u>	<u>3,607,537</u>
Component unit capital assets, net	<u>\$ 1,985,300</u>			<u>\$ 4,594,691</u>

Note 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities for the governmental activities and the business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 1,293,256	\$ 10,314,861
Accrued payroll and payroll related liabilities	1,084,514	554,730
Accrued sales tax payable	3,834	371,294
Other accrued liabilities	1,116,727	484,054
	<u>\$ 3,498,331</u>	<u>\$ 11,724,939</u>

In addition, the amount shown as unearned revenues on the statement of net position is for rental income received in advance.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt

Installment purchases: The City has various installment purchase contracts to finance equipment additions throughout the City's departments and funds. These contracts range between 1 year and 29 years in duration, depending upon the assets acquired. Interest rates range between 2.42% and 5.01%. The debt is collateralized by the assets acquired and serviced by the funds holding such debt.

Assets acquired through the installment purchase contracts are as follows:

	Governmental Activities	Business-type Activities
Capital Asset		
Construction in progress	\$ -	\$ 3,376,740
Machinery and equipment	5,352,617	12,050,000
Less accumulated depreciation	1,070,523	2,449,708
	\$ 4,282,094	\$ 12,977,032

Installment purchases payable at June 30, 2016 are comprised of the following individual issues:

Governmental activities:

\$5,400,000, contract for construction of fire station in fiscal year 2008 due in annual installments of \$270,000 through November 2027; interest 4.44%, to be paid from General Fund	\$ 3,105,000
	\$ 3,105,000

Business-type activities:

\$4,500,000, contract for construction of aviation hangar in fiscal year 2004 due in annual installments of \$225,000 through November 2027; interest 5.01%, payable from Regional Airport Fund	\$ 1,893,750
\$5,759,000, contract for construction of a commercial airline terminal in fiscal year 2016 due in annual installments of \$350,000 to \$478,000 through November 2024; interest 2.42%, payable from Regional Airport Fund	5,759,000
\$7,550,000, contract for construction of aviation projects in fiscal year 2008 due in annual installments of \$377,500 through May 2030; interest 4.44%, payable from Regional Airport Fund	4,341,250
	\$ 11,994,000

Annual debt service requirements to maturity for installment purchases are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 270,000	\$ 134,649	\$ 952,500	\$ 417,329
2018	270,000	122,905	961,500	381,167
2019	270,000	110,917	970,500	344,445
2020	270,000	99,100	979,500	307,747
2021	270,000	86,782	988,500	270,129
2022-2026	1,350,000	254,888	4,729,250	800,017
2027-2030	405,000	18,032	2,412,250	138,223
	\$ 3,105,000	\$ 827,273	\$ 11,994,000	\$ 2,659,057

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Revenue Bonds: The City also issued bonds where the City pledges income derived from the Enterprise Fund acquiring or constructing assets with the proceeds to pay debt service. Portions of the Revenue Bonds were used to construct governmental activity assets and therefore, will be repaid by governmental revenue sources. Revenue bonds outstanding at June 30, 2016 are as follows:

Governmental activities:

\$670,180 (of \$23,935,000 issue), Utilities Systems Refunding Revenue Bonds Series 2009 due in annual installments of \$63,700 to \$104,860 through December 1, 2017; interest from 3.00% to 5.00%.	\$ 139,580
\$2,721,512 (of \$40,925,000 issue), Utilities Systems Refunding Revenue Bonds Series 2009B due in annual installments of \$40,565 to \$416,623 through December 2022; interest from 3.00% to 5.00%.	1,744,960
	<u>\$ 1,884,540</u>

Business-type activities:

\$27,365,000, Utilities Systems Revenue Bonds, Series 2008 due in annual installments of \$500,000 to \$1,595,000; through December 1, 2035; interest from 3.00% to 5.00%	\$ 2,265,000
\$23,264,820 (of \$23,935,000 issue), Utilities Systems Refunding Revenue Bonds Series 2009 due in annual installments of \$2,211,300 to \$3,640,140 through December 1, 2017; interest from 3.00% to 5.00%.	4,845,420
\$38,203,488 (of \$40,925,000 issue), Utilities Systems Refunding Revenue Bonds Series 2009B due in annual installments of \$569,435 to \$5,848,377 through December 2022; interest from 3.00% to 5.00%.	24,495,040
\$17,635,000, Utilities Systems Refunding Revenue Bonds Series 2012 due in annual installments of \$760,000 to \$1,390,000 through December 2028; interest from 2.00% to 5.00%.	14,470,000
\$19,085,000, Utilities Systems Refunding Revenue Bonds Series 2016 due in annual installments of \$745,000 to \$1,600,000 through December 2035; interest from 4.00% to 5.00%.	19,085,000
	<u>\$ 65,160,460</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 312,130	\$ 76,152	\$ 7,357,870	\$ 3,733,250
2018	320,548	64,656	7,579,453	3,419,400
2019	257,688	52,493	5,332,312	3,143,548
2020	267,663	39,903	5,482,338	1,882,447
2021	152,618	30,230	3,927,382	1,666,545
2022-2026	573,893	33,722	18,416,105	5,298,006
2027-2031	-	-	9,765,000	2,616,684
2032-2036	-	-	7,300,000	848,475
	<u>\$ 1,884,540</u>	<u>\$ 297,156</u>	<u>\$ 65,160,460</u>	<u>\$ 22,608,355</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

The Revenue Bond General Trust Indenture requires that certain amounts from the Utility funds be set aside into separate reserve accounts for the following uses and in the following amounts:

- | | |
|-------------------------------|---|
| (1) Debt Service | Amount sufficient to pay current bond and interest maturities |
| (2) Bond and Interest Reserve | The lesser of (a) maximum principal and interest requirements in any succeeding fiscal year (b) 125% of the average annual principal and interest requirements (c) 10% of bond proceeds |
| (3) Extension and replacement | \$8,350 per month until the balance reaches \$500,000 |
| (4) Rebate | Any amounts necessary to satisfy arbitrage regulations, if applicable, based upon yearly computations |

The City believes it has been in compliance with the covenants as to rates, fees, rentals and charges in Section 6.6 of the General Trust Indenture for the Utilities Systems Revenue Bonds, Series 2008, 2009, 2012 and 2016. Section 6.6 of the General Trust Indenture requires the debt service coverage ratio to be no less than 120%.

The debt service coverage ratio calculation for the year ended June 30, 2016, is as follows:

Net Income (GAAP Basis)	\$ 31,231,895
Add: Depreciation/Amortization Expense	11,299,060
Interest Expense	<u>2,915,074</u>
Income available for debt service	45,446,029
Debt service, principal and interest paid (Revenue bond only)	\$ 10,062,281
Debt service coverage ratio	452%

The City has pledged future electric, water, and wastewater customer revenues, net of specified operating expenses, to repay \$125,553,308 in electric, water, and wastewater system revenue bonds issued in 2008 through 2016. Proceeds from the bonds provided financing for various projects related to the electric, water, and wastewater systems. The bonds are payable solely from electric, water, and wastewater customer net revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require less than 8 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$87,768,815. Principal and interest paid for the current year and total customer net revenues were \$10,062,281 and \$122,679,884, respectively.

Advance Refunding Bonds: In May 2012, the City issued \$17,635,000 of Utilities Systems advance refunding bonds to provide resources to purchase certain non-callable Federal Securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the City's Series 2002A Utilities Systems Revenue Bonds. The refunding debt was issued at a net interest cost of 2.84%. As a result the refunded bonds are considered to be defeased and the liability has been removed from the respective funds. The amount of defeased debt that remains outstanding as of June 30, 2016 is \$0. This refunding was undertaken to reduce total debt service payments over the following 17 years by \$3,696,671 and resulted in an economic gain of \$3,068,114. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred (\$1,036,663) and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2016 was \$796,695.

In May 2016, the City issued \$19,085,000 of Utilities Systems advance refunding bonds to provide resources to purchase certain non-callable Federal Securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of a portion of the City's Series 2008 Utilities Systems Revenue Bonds. The refunding debt was issued at a net interest cost of 3.06%. As a result the refunded bonds are considered to be defeased and the liability has been removed from the respective funds. The amount of defeased debt that remains outstanding as of June 30, 2016 is \$20,790,000. This refunding was undertaken to reduce total debt service payments over the following 20 years by \$3,356,584 and resulted in an economic gain of \$2,710,326. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred (\$2,318,069) and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2016 was \$2,308,410.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Current Refunding Bonds: In May 2009, the City issued \$23,935,000 of Utilities Systems current refunding bonds and retired the outstanding balance of the Series 1998A and 1998B Utilities Systems Revenue Bonds. The current refunding reduced total debt service payments over the following nine years by \$2,231,709 and resulted in an economic gain of \$2,023,033. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred (\$1,322,340) and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2016 was \$385,682.

In July 2009, the City issued \$40,925,000 of Utilities Systems current refunding bonds and retired the outstanding balance of the Series 2002B Utilities Systems Revenue Bonds. The current refunding reduced total debt service payments over the following fourteen years by \$631,879 and resulted in an economic gain of \$487,233. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred (\$258,541) and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2016 was \$129,271.

Loan and installment notes: Loan and installment notes payable at June 30, 2016 are comprised of the following individual issues:

Governmental activities:

\$7,203,000 (of \$9,235,000 issue), 2010 Limited Obligation Bonds due in annual installments of \$39,000 to \$776,100 through June 1, 2021, plus interest due semiannually at 2.5% to 4% financed through First Concord Corporation, to be paid from General Fund.	\$ 3,396,900
\$22,899,825 (of \$29,340,000 issue), 2014A Limited Obligation Bonds due in annual installments of \$440,000 to \$1,419,675 through June 1, 2034, plus interest due semiannually at 2% to 5% financed through First Concord Corporation, to be paid from General Fund.	21,495,775
	<u>\$ 24,892,675</u>

Business-type activities:

\$2,031,700 (of \$9,235,000 issue), 2010 Limited Obligation Bonds due in annual installments of \$11,000 to \$218,900 through June 1, 2021, plus interest due semiannually at 2.5% to 4% financed through First Concord Corporation, to be paid from Regional Airport Fund.	\$ 958,100
\$6,440,175 (of \$29,340,000 issue), 2014A Limited Obligation Bonds due in annual installments of \$138,600 to \$467,775 through June 1, 2034, plus interest due semiannually at 2% to 5% financed through First Concord Corporation, to be paid from Internal Service Fund.	6,084,225
\$5,280,000, 2014B Limited Obligation Bonds due in annual installments of \$50,000 to \$915,000 through June 1, 2021, plus interest due semiannually at 0.6% to 2.75% financed through First Concord Corporation, to be paid from Golf Course Fund.	4,390,000
	<u>\$ 11,432,325</u>

Annual debt service requirements to maturity for loan and installment notes are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 1,802,250	\$ 1,061,869	\$ 1,267,750	\$ 387,369
2018	1,798,300	1,000,367	1,286,700	362,037
2019	1,817,900	917,316	1,312,100	327,159
2020	1,820,175	833,207	1,339,825	287,967
2021	1,833,200	748,867	1,371,800	246,128
2022-2026	6,376,300	2,697,389	1,568,700	850,767
2027-2031	6,495,625	1,270,736	1,929,375	486,892
2032-2034	2,948,925	207,638	1,356,075	95,480
	<u>\$ 24,892,675</u>	<u>\$ 8,737,389</u>	<u>\$ 11,432,325</u>	<u>\$ 3,043,799</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Advance Refunding Bonds: In October 2010, the City issued \$9,235,000 of Limited Obligation refunding bonds to provide resources to purchase certain non-callable Federal Securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the City's series 2001 Certificates of Participation. The refunding debt was issued at a net interest cost of 2.68%. As a result the refunded bonds are considered to be defeased and the liability has been removed from the respective funds. The amount of defeased debt that remains outstanding as of June 30, 2016 is \$0. This refunding was undertaken to reduce total debt service payments over the following 10 years by \$888,249 and resulted in an economic gain of \$779,763. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred (\$378,135) and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2016 was \$180,474.

In December 2014, the City issued \$14,175,000 of Limited Obligation refunding bonds to provide resources to purchase certain non-callable Federal Securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the City's series 2005 Certificates of Participation. The refunding debt was issued at a net interest cost of 2.81%. As a result the refunded bonds are considered to be defeased and the liability has been removed from the respective funds. The amount of defeased debt that remains outstanding as of June 30, 2016 is \$0. This refunding was undertaken to reduce total debt service payments over the following 15 years by \$1,657,594 and resulted in an economic gain of \$1,368,373. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred (\$379,434) and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2016 was \$320,594.

Loan payable: The City of Concord entered into a loan agreement with the US Department of Housing and Urban Development for a Section 108 loan guarantee that will be loaned to Carolina Courts to finance the construction of a multi-purpose athletic facility, a public facility to be used to host athletic camps, leagues, and tournaments. The owner and developer of the project will make payments to the city for the annual debt service. In addition, the loan requires pledge of five years of the Community Development Block Grant revenues in the event the owner/developer is unable to make the debt service requirements.

Governmental activities:

\$1,974,000, Section 108 loan guarantee issued June 2009 due in annual installments of \$109,000 beginning August 2011 through August 2028	\$ 1,429,000
	\$ 1,429,000

Annual debt service requirements to maturity for the loan payable are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2017	\$ 109,000	\$ 69,658
2018	109,000	64,732
2019	109,000	59,728
2020	109,000	54,556
2021	109,000	49,199
2022-2026	545,000	162,523
2027-2029	339,000	28,102
	\$ 1,429,000	\$ 488,498

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

A summary of changes in long-term debt follows:

	July 1, 2015	Additions	Reductions	June 30, 2016
Governmental activities:				
Installment purchases	\$ 3,375,000	\$ -	\$ 270,000	\$ 3,105,000
Less current maturities				270,000
Long-term installment purchases				\$ 2,835,000
Bond payables:				
Installment notes	\$ 26,720,725	\$ -	\$ 1,828,050	\$ 24,892,675
Plus premium on limited obligation bonds	2,138,345	-	139,448	1,998,897
Revenue bonds	2,187,937	-	303,397	1,884,540
Plus premium on revenue bonds	37,147	-	6,394	30,753
Total bond payable	\$ 31,084,154	\$ -	\$ 2,277,289	28,806,865
HUD loan	\$ 1,538,000	\$ -	\$ 109,000	1,429,000
Compensated absences	\$ 2,952,530	\$ 1,901,256	\$ 1,863,262	2,990,524
Separation allowance	\$ 2,027,800	\$ 71,524	\$ -	2,099,324
OPEB liability	\$ 9,718,800	\$ 567,318	\$ -	10,286,118
Net pension liability (LGERS)	\$ -	\$ 2,229,194	\$ -	2,229,194
Less current maturities:				
Installment notes				1,802,250
Revenue bonds				312,130
HUD loan				109,000
Compensated absences				2,123,272
Long-term debt				\$ 43,494,373

	July 1, 2015	Additions	Reductions	June 30, 2016
Business-type activities:				
Installment purchases	\$ 6,837,500	\$ 5,759,000	\$ 602,500	\$ 11,994,000
Less current maturities				952,500
Long-term installment purchases				\$ 11,041,500
Bond payables:				
Installment notes	\$ 12,694,275	\$ -	\$ 1,261,950	\$ 11,432,325
Plus premium on limited obligation bonds	980,726	-	111,260	869,466
Revenue bonds	74,002,062	19,085,001	27,926,603	65,160,460
Plus premium on revenue bonds	2,276,483	4,061,038	277,206	6,060,315
Total bond payable	\$ 89,953,546	\$ 23,146,039	\$ 29,577,019	83,522,566
Compensated absences	\$ 1,326,402	\$ 1,167,499	\$ 1,162,749	1,331,152
OPEB liability	\$ 4,857,846	\$ 338,218	\$ -	5,196,064
Net pension liability (LGERS)	\$ -	\$ 1,330,380	\$ -	1,330,380
Less current maturities:				
Installment notes				1,267,750
Revenue bonds				7,357,870
Compensated absences				945,120
Long-term debt				\$ 81,809,422

A detailed breakdown of business-type activities long-term debt by fund can be found at Schedule 6 in the supplemental information.

The legal debt margin of the City at June 30, 2016 was \$768,280,642.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 8. Interfund Receivables, Payables and Transfers

A schedule of interfund receivables and payables at June 30, 2016 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 157,403
General Fund	Nonmajor enterprise funds	1,952,667
		<u>\$ 2,110,070</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

A schedule of interfund transfers at June 30, 2016 is as follows:

From the Electric Fund to the General Fund for payment in lieu of taxes	\$ 561,518
From the General Fund Capital Reserve Fund to the General Fund for various capital purchases	1,595,000
From the General Fund to the Debt Service Fund for debt service principal and interest payments	614,473
From the General Fund to the General Fund Capital Projects Fund for various capital projects	3,158,142
From the General Fund to the Fire and Life Safety Capital Projects Fund for fire department capital projects	128,285
From the General Fund to the Transportation Capital Projects Fund for various transportation projects	1,891,970
From the General Fund to the Home Special Revenue Fund to provide required grant matching funds	29,180
From the General Fund to the Parks Capital Project Fund for various park capital projects	1,077
From the General Fund to the Transit Fund for current operating needs	774,501
From the General Fund to the Golf Course Fund for current operating needs	883,107
From the General Fund to the Regional Airport Fund for current operating needs	756,641
From the General Fund to the General Fund Capital Reserve Fund for future capital projects	12,000,000
From the Housing Department Operating Fund to the Home Special Revenue Fund to pay for properties transferred to the Housing Department	25,337
From the Additional Vehicle Tax Fund to the Transit Fund to move portion of license fee required to be transferred to the Transit Fund	382,248
From the General Fund Capital Projects Fund to the Transportation Capital Project Fund for various transportation capital projects	30,000
From the General Fund Capital Reserve Fund to the Transportation Capital Project Fund for various transportation department capital projects	663,683
From the General Fund Capital Reserve Fund to the Parks Capital Project Fund for various park capital projects	109,000
From the Electric Fund to the General Fund Capital Project Fund for various capital projects	9,141
From the Water Fund to the General Fund Capital Project Fund for various capital projects	5,817
From the Wastewater Fund to the General Fund Capital Project Fund for various capital projects	3,116
From the Stormwater Fund to the General Fund Capital Project Fund for various capital projects	2,078
From the Internal Service Fund to the Transportation Capital Project Fund for various capital projects	58,780
	<u>\$ 23,683,094</u>

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations

A. Local Governmental Employee's Retirement System

(1) Plan description:

The City of Concord and the ABC Board are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

(2) Benefits provided:

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

(3) Contributions:

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Concord and ABC Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Concord's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.74% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Concord were \$2,955,892 for the year ended June 30, 2016. Contributions to the pension plan from the ABC Board were \$40,274 for the year ended June 30, 2016.

(4) Refunds of contributions:

City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

- (5) Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At June 30, 2016, the City reported a liability of \$3,559,574 for its proportionate share of the net pension liability. At June 30, 2015, the ABC Board reported a liability of \$43,039 for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the City's proportion was 0.793%, which was an increase of 0.048% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City recognized pension expense of \$1,566,091. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 836,700
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,013,397
Changes in porportion and differences between City contributions and proportionate share of contributions	164,438	305,322
City contributions subsequent to the measurement date	2,955,892	-
Total	<u>\$ 3,120,330</u>	<u>\$ 2,155,419</u>

\$2,955,892 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (1,239,853)
2018	(1,239,853)
2019	(1,237,551)
2020	1,726,276
2021	-
Thereafter	-
	<u>\$ (1,990,981)</u>

- (6) Actuarial assumptions:

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERs. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

(7) Discount rate:

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(8) Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate:

The following presents the City's proportionate share of the net pension liability calculated using the discounted rate of 7.25 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability (asset)	\$ 24,821,343	\$ 3,559,574	\$ (14,353,012)

(9) Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

B. Law Enforcement Officers' Special Separation Allowance:

(1) Plan description:

The City of Concord administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowance that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time law enforcement officers to the City are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	18
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>166</u>
Total	<u><u>184</u></u>

(2) Summary of significant accounting policies:

Basis of accounting – The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on a modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

Method used to value investments – No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

(3) Contributions:

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the 2016 year was determined as part of the December 31, 2014 actuarial valuations using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Item (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level dollar on a closed basis. The remaining amortization period at December 31, 2014 was 16 years.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

Actual pension cost and pension obligation – The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 599,301
Interest on net pension obligation	101,390
Adjustment to annual required contribution	<u>(178,195)</u>
Annual pension cost	522,496
Employer contributions made during the year	<u>450,972</u>
Increase in net pension obligation	71,524
Net pension obligation beginning of year	<u>2,027,800</u>
Net pension obligation end of year (included in the General Fund's long-term debt)	<u><u>\$ 2,099,324</u></u>

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	384,674	56	1,870,809
June 30, 2015	469,229	67	2,027,800
June 30, 2016	522,496	86	2,099,324

(4) Funded Status and Funding Progress:

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$6,881,079. The covered payroll (annual payroll of active employees covered by the plan) was \$8,918,792, and the ratio of the UAAL to the covered payroll was 77 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

(1) Plan description:

The City contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

(2) Funding policy:

Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$577,732, which consisted of \$409,609 from the City and \$168,123 from the law enforcement officers.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

D. Supplemental Retirement Income Plan for City Employees (non-law enforcement officers)

(1) Plan description:

The City contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all active full-time employees of the City that are non-law enforcement officers. Article G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

(2) Funding policy:

The City of Concord's policy is to contribute an amount equal to 3.5% of each employee's salary, and all amounts contributed are vested immediately. Also, the city's employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$1,877,887, which consisted of \$1,234,908 from the City and \$642,979 from the employees. Contribution requirements are established and may be amended by the City Council.

E. Firefighter's and Rescue Squad Workers' Pension Fund

(1) Plan description:

The State of North Carolina contributes, on behalf of the City of Concord, to the Firefighter's and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firefighter's and Rescue Squad Worker's Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

(2) Benefits provided:

FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

(3) Contributions:

Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ended June 30, 2015, the State contributed \$13,900,000 to the plan. The City of Concord's proportionate share of the State's contribution is \$29,325.

(4) Refunds of contributions:

Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

- (5) Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At June 30, 2016, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriation to the FRSWPF. The total portion of the net pension liability that was associated with the City and supported by the State was \$76,707. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2015 and at June 30, 2014 was 0%.

For the year ended June 30, 2016, the City recognized pension expense of \$6,139 and revenue of \$6,139 for support provided by the State. At June 30, 2016, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

- (6) Actuarial assumptions:

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in section A of this note.

- (7) Discount rate:

The discount rate used to determine the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

- (8) Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Note 10. Other Postemployment Benefits

- (1) Plan description:

Under the terms of a City resolution, the City administers a Health Care Plan as a single-employer defined benefit plan. As of July 1, 2004, this plan provided postemployment healthcare benefits to retirees of the City provided they have ten (10) years of service with the City of Concord. The City will pay the portion of health coverage as listed below until the retiree is eligible for Medicare. The City has elected to partially pay the future overall cost of coverage for these benefits. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. A separate report was not issued for the plan.

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

Membership of the Health Care Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers	Firefighters
Retirees and dependents receiving benefits	125	-	-
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	560	160	176
Total	685	160	176

(2) Funding policy:

Employees with a date of hire prior to July 1, 2004: Retirees with at least 10 years of service with the City will be provided the same level of coverage as active employees.

Employees with a date of hire after or on July 1, 2004: Retirees with at least 25 years of creditable service with the City will be provided with the same level of coverage as active employees. Those with at least 10 years of service but less than 25 years of service shall receive one-half (1/2) of the benefit provided to retiring employees with at least 25 years of service.

The City also provides dental coverage to the City's retirees; however, the retiree must pay the full premium cost.

Per a City resolution, the City is required to contribute the pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council.

The current ARC rate is 6.61% of annual covered payroll. The City obtains healthcare coverage through private insurers. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 3.56% and 1.29% of covered payroll, respectively. For the year ended June 30, 2016, the City made payments for postretirement health benefit premiums of \$2,425,974 of which \$362,050 was collected from retirees for dependent coverage. The City's obligation to contribute to the Health Care Plan is established and may be amended by the City Council.

(3) Summary of significant accounting policies:

Plan member contributions are recognized in the period in which the contributions are due. Charges are recorded in the appropriate governmental and enterprise funds. Under a City resolution, the contributions are recognized when due and the City will provide the benefits to the Health Care Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments and deposits are reported at cost or amortized cost, which approximates fair value.

(4) Annual OPEB cost and net OPEB obligation:

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 2,809,363
Interest on net obligation	874,599
Adjustment to annual required contribution	(714,502)
Annual OPEB cost (expense)	2,969,460
Contributions made	(2,063,924)
Increase (decrease) in net OPEB obligation	905,536
Net OPEB obligation, beginning of year	14,576,646
Net OPEB obligation, end of year	\$ 15,482,182

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

The City's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three years were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	2,639,821	27.3%	13,381,916
2015	2,858,928	58.2%	14,576,646
2016	2,969,460	69.5%	15,482,182

(5) Funded status and funding progress:

As of December 31, 2015, the most recent actuarial valuation date, the plan was 3.1% funded. The actuarial accrued liability for benefits was \$30,812,631 and the actuarial value of assets was \$941,942, resulting in an unfunded actuarial accrued liability (UAAL) of \$29,870,689. The covered payroll (annual payroll of active employees covered by the plan) was \$42,526,125, and the ratio of the UAAL to the covered payroll was 70.2%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(6) Actuarial methods and assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 6.00 percent investment rate of return, which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using market value of investments. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

Note 11. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 12. Deferred Outflows and Inflows of Resources

The City has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 2,955,892
Changes in proportion and differences between employer contributions and proportionate share of contributions	164,438
Charge on refunding	4,121,126
	<u>\$ 7,241,456</u>

Deferred inflows of resources at year end is comprised of the following:

Prepaid taxes (Governmental Funds)	\$ 125,966
Taxes Receivable, less penalties (Governmental Funds)	2,118,119
	<u>\$ 2,244,085</u>
Pension deferrals	<u>\$ 2,155,419</u>

Note 13. Commitments and Contingencies

The City had commitments on contracts of approximately \$4.5 million related primarily to construction in its Enterprise Funds.

The City participates in a number of Federal and State of North Carolina awards. For the fiscal ended June 30, 2016, these awards were subject to audit in accordance with Government Auditing Standards and the provisions of OMB Circular A-133 and the State Single Audit Implementation Act. The amounts, if any, of expenditures which may be disallowed by the granting agencies resulting from this and other audits cannot be determined at this time, although the City expects they would be immaterial.

At June 30, 2016, the City was a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

Note 14. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance – General Fund	\$ 69,155,589
Less:	
Inventories	117,728
Prepays	56,964
Stabilization by State Statute	11,459,055
Streets – Powell Bill	4,231,188
Public Safety	322,180
Remaining Fund Balance	<u>\$ 52,968,474</u>

The City of Concord has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that available fund balance is at least equal to or greater than 35% of current year expenditures.

NOTES TO FINANCIAL STATEMENTS

Note 14. Fund Balance (Continued)

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. At June 30, 2016 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental activities:	
General Fund	\$ 1,651,902
Nonmajor Funds	3,289,404
Total governmental activities	<u>\$ 4,941,306</u>
Business-type activities:	
Electric Fund	\$ 4,803,061
Water Fund	8,181,980
Wastewater Fund	302,320
Regional Airport Fund	5,649,040
Stormwater Fund	292,962
Nonmajor Funds	1,339,690
Total business-type activities	<u>\$ 20,569,053</u>

Note 15. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. The City is fully insured through several insurance companies and is self-funded for workers' compensation and health benefits. The City obtains general liability coverage of \$1 million per occurrence, with a \$2 million aggregate limit. The City obtains public official liability coverage of \$1 million per occurrence, with a \$3 million aggregate limit. The City obtains law enforcement liability coverage of \$1 million per occurrence, with a \$3 million aggregate limit. The City obtains employment practices liability of \$1 million per occurrence, with a \$3 million aggregate limit. The City also obtained auto liability coverage of \$1 million for combined single limit and excess liability of \$4 million per occurrence. Property is insured through blanket coverage up to \$208,780,321. The housing units are covered per the scheduled values and are not covered within the blanket limit. Employee health coverage is self-insured through Blue Cross Blue Shield of North Carolina unless specified. The City is exposed to various risks of loss related to injuries to employees. The City has self-insured retention of \$750,000 per occurrence on workers' compensation claims. The carrier's attachment point is after the retained \$750,000 is exhausted and will provide up to the policy limit of \$1 million in coverage per occurrence and in the aggregate.

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The City's property policy provides up to \$5 million in flood coverage for locations that are not located within a Federal Emergency Management Agency ("FEMA") flood zone. This coverage excludes locations that are included in FEMA areas designated as "A" or "V." The City does not have any property located within this designation at year end.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. Employees that have access to funds are bonded under a blanket bond for \$250,000. The finance officer and tax collector are each individually bonded for \$250,000 each.

City of Concord ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has commercial property, general liability, workmen's compensation, and employee health coverage. The ABC Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. In accordance with G.S. 18B-700(i), each board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000, secured by a corporate surety. In accordance with G.S. 18B-803(b) and (c), all employees who have access to funds are bonded under a blanket bond for \$50,000.

NOTES TO FINANCIAL STATEMENTS

Note 16. Jointly Governed Organization

The City is a member of the Water and Sewer Authority of Cabarrus County ("WSACC"). WSACC was organized by the governing bodies of the Cities of Concord and Kannapolis, the Cities of Harrisburg and Mount Pleasant, and the County of Cabarrus in order to operate and maintain a regional interceptor wastewater system and regional wastewater treatment plant. WSACC is a public corporation of the State of North Carolina under Section 162A-3 of the North Carolina Water and Wastewater Authority Act. WSACC is a jointly governed organization governed by a board appointed by the organizing bodies as follows: two members by the Cabarrus County Board of Commissioners, two members by the City of Concord City Council, two members by the City of Kannapolis City Council, one member by the City of Harrisburg City Council, one member by the City of Mount Pleasant Board of Commissioners, and one member by the Cabarrus County Board of Commissioners upon advice from the other political jurisdictions. The City of Concord paid WSACC approximately \$7.3 million for wastewater treatment and raw water charges during the year ended June 30, 2016.

Note 17. Subsequent Events

Management has evaluated subsequent events through October 26, 2016, the date the financial statements were available to be issued.

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
Last Six Fiscal Years**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Project Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2010	-	3,313,233	3,313,233	-	7,864,037	42 %
December 31, 2011	-	3,573,036	3,573,036	-	7,746,401	46
December 31, 2012	-	3,981,099	3,981,099	-	7,943,867	50
December 31, 2013	-	4,163,072	4,163,072	-	7,910,941	53
December 31, 2014	-	4,736,733	4,736,733	-	8,292,842	57
December 31, 2015	-	6,881,079	6,881,079	-	8,918,792	77

**THE HEALTH CARE PLAN OF THE CITY OF CONCORD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Project Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2007	-	18,088,200	18,088,200	- %	34,691,076	52.1 %
December 31, 2008	-	25,153,845	25,153,845	-	36,818,549	68.3
December 31, 2010	237,585	23,851,562	23,613,977	1.0	41,605,416	56.8
December 31, 2012	489,939	26,715,502	26,225,563	1.8	41,114,325	63.8
December 31, 2014	846,923	30,176,586	29,329,663	2.8	41,916,012	70.0
December 31, 2015	941,942	30,812,631	29,870,689	3.1	42,526,125	70.2

**THE HEALTH CARE PLAN OF THE CITY OF CONCORD
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 Last Six Fiscal Years**

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	
2011	2,563,442	25	%
2012	2,563,442	24	
2013	2,513,935	27	
2014	2,513,935	29	
2015	2,711,955	61	
2016	2,809,363	73	

Notes to the Required Schedules:

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the last actuarial valuation follows.

Valuation date	December 30, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	6.00%
Medical cost trend*	7.75%-5.00%
Year of ultimate trend rate	2022
*Includes inflation at	3.00%
Cost-of-living adjustments	None

**CITY OF CONCORD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION**

Last Three Fiscal Years *

Local Government Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Concord's proportion of the net pension liability (asset) (%)	0.79314%	0.74554%	0.79080%
Concord's proportion of the net pension liability (asset) (\$)	\$ 3,559,574	\$ (4,396,795)	\$ 9,532,177
Concord's covered-employee payroll	\$ 43,605,721	\$ 42,959,454	\$ 42,130,059
Concord's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.16%	(10.08%)	22.19%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

CITY OF CONCORD, NORTH CAROLINA

Exhibit Q

**CITY OF CONCORD'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
Last Three Fiscal Years**

Local Government Employees' Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,955,892	\$ 3,029,119	\$ 2,979,012
Contributions in relation to the contractually required contribution	<u>2,955,892</u>	<u>3,029,119</u>	<u>2,979,012</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Concord's covered-employee payroll	44,675,120	43,605,721	42,959,454
Contributions as a percentage of covered-employee payroll	6.62%	6.95%	6.93%

**CITY OF CONCORD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
Last Two Fiscal Years ***

Firefighters' and Rescue Squad Workers' Pension

	<u>2016</u>	<u>2015</u>
Concord's proportion of the net pension liability (%)	0.0000%	0.0000%
Concord's proportion of the net pension liability (\$)	\$ -	\$ -
State's proportionate share of the net pension liability associated with City of Concord	<u>76,707</u>	<u>66,847</u>
Total	<u>\$ 76,707</u>	<u>\$ 66,847</u>
Concord's covered-employee payroll	\$ 8,635,910	\$ 8,620,178
Concord's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.89%	0.78%
Plan fiduciary net position as a percentage of the total pension liability	91.40%	93.42%

* The amounts presented are for the prior fiscal year.

This page is intentionally blank.

Nonmajor Governmental Funds

Special Revenue Funds

Housing Assistance Fund - This fund is used to account for federal grants received to provide housing assistance payments for low income families.

Community Development Fund - This fund is used to account for federal grants under the Community Development Block Grant/Entitlement program.

Section 108 Loan/BEDI Grant Fund - This fund is used to account for funds received from a Section 108 loan and Brownfield Economic Development Initiative grant.

Home Fund - This fund is used to account for federal grants received to expand the supply of decent, affordable housing for low and very low income families with emphasis on rental housing, build state and local capacity to carry out affordable housing programs and provide for coordinated assistance to participants and the development of affordable low income housing.

Municipal Service District Fund - This fund is used to account for taxes levied on behalf of and remitted to Concord Downtown Development Corporation for use in the promotion and improvement of the City's downtown area.

Additional Vehicle Tax Fund - This fund is used to account for funds restricted for Transit operations.

Capital Project Funds

Parks - This fund is used to account for all resources used for the construction and improvements to the City's parks.

Transportation - This fund is used to account for all resources used for the construction and improvements of the City's streets.

General Fund Capital Projects - This fund is used to account for all resources used for various construction projects related to General Fund departments.

General Fund Capital Reserve - This fund is used to account for funds reserved for future capital purchases.

Fire and Life Safety - This fund is used to account for the construction of Fire Stations and other major capital improvements in the City.

Debt Service Fund

Debt Service Fund - This fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of certain governmental funds.

This page is intentionally blank.

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

June 30, 2016

	Total Special Revenue Funds	Total Capital Project Funds	Debt Service Fund	Total Other Governmental Funds
ASSETS				
Cash and investments	\$ 502,101	\$ 14,566,406	\$ -	\$ 15,068,507
Receivables:				
Ad valorem taxes, net	1,852	-	-	1,852
Due from other governmental agencies	127,474	-	-	127,474
Sales tax refunds	-	55,635	-	55,635
Interest	495	73,366	-	73,861
Other, net	7,707	248,701	-	256,408
Prepaid items	141	-	-	141
Restricted assets - cash and investments	-	26,975,092	-	26,975,092
Total assets	\$ 639,770	\$ 41,919,200	\$ -	\$ 42,558,970
LIABILITIES				
Accounts payable and accrued liabilities	\$ 228,362	\$ 330,979	\$ -	\$ 559,341
Due to other funds	28,727	128,676	-	157,403
Total liabilities	257,089	459,655	-	716,744
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	1,852	-	-	1,852
Total deferred inflows of resources	1,852	-	-	1,852
FUND BALANCES (DEFICITS)				
Restricted				
Stabilization by State Statute	135,817	377,702	-	513,519
Committed				
Future capital purchases	-	26,285,848	-	26,285,848
Planning and community development	358,172	-	-	358,172
Housing assistance	14,620	-	-	14,620
Assigned				
Future capital purchases	-	14,795,995	-	14,795,995
Unassigned	(127,780)	-	-	(127,780)
Total fund balance (deficit)	380,829	41,459,545	-	41,840,374
Total liabilities, deferred inflows of resources, and fund balances	\$ 639,770	\$ 41,919,200	\$ -	\$ 42,558,970

This page is intentionally blank.

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2016

ASSETS	Housing Assistance	Community Development	Section 108 Loan/BEDI Grant	Home	Municipal Service District	Additional Vehicle Tax	Total Special Revenue Funds
Cash and investments	\$ 79,672	\$ -	\$ 257,873	\$ 162,433	\$ 2,123	\$ -	\$ 502,101
Receivables:							
Ad valorem taxes, net	-	-	-	-	1,852	-	1,852
Due from other governmental agencies	-	127,474	-	-	-	-	127,474
Interest	330	-	-	-	-	165	495
Other, net	7,707	-	-	-	-	-	7,707
Prepaid items	-	141	-	-	-	-	141
Total assets	\$ 87,709	\$ 127,615	\$ 257,873	\$ 162,433	\$ 3,975	\$ 165	\$ 639,770
LIABILITIES							
Accounts payable and accrued liabilities	\$ 65,052	\$ 99,053	\$ -	\$ 62,134	\$ 2,123	\$ -	\$ 228,362
Due to other funds	-	28,562	-	-	-	165	28,727
Total liabilities	65,052	127,615	-	62,134	2,123	165	257,089
DEFERRED INFLOWS OF RESOURCES							
Property taxes receivable	-	-	-	-	1,852	-	1,852
Total deferred inflows of resources	-	-	-	-	1,852	-	1,852
FUND BALANCES (DEFICITS)							
Restricted							
Stabilization by State Statute	8,037	127,615	-	-	-	165	135,817
Committed							
Planning and community development	-	-	257,873	100,299	-	-	358,172
Housing assistance	14,620	-	-	-	-	-	14,620
Unassigned	-	(127,615)	-	-	-	(165)	(127,780)
Total fund balances (deficit)	22,657	-	257,873	100,299	-	-	380,829
Total liabilities, deferred inflows of resources, and fund balances	\$ 87,709	\$ 127,615	\$ 257,873	\$ 162,433	\$ 3,975	\$ 165	\$ 639,770

NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

June 30, 2016

ASSETS	Parks	Transportation	General Fund Capital Projects	General Fund Capital Reserve	Fire and Life Safety	Total Capital Projects Funds
Cash and investments	\$ 885,207	\$ 13,401,100	\$ -	\$ -	\$ 280,099	\$ 14,566,406
Receivables:						
Interest	-	30,018	-	43,348	-	73,366
Sales tax refunds	-	-	55,635	-	-	55,635
Other, net	-	224,821	23,880	-	-	248,701
Restricted assets - cash and investments	-	-	689,244	26,285,848	-	26,975,092
Total assets	\$ 885,207	\$ 13,655,939	\$ 768,759	\$ 26,329,196	\$ 280,099	\$ 41,919,200
LIABILITIES						
Accounts payable and accrued liabilities	\$ 7,449	\$ 207,377	\$ 106,153	\$ -	\$ 10,000	\$ 330,979
Due to other funds	-	-	128,676	-	-	128,676
Total liabilities	7,449	207,377	234,829	-	10,000	459,655
FUND BALANCES						
Restricted						
Stabilization by State Statute	-	254,839	79,515	43,348	-	377,702
Committed						
Future capital purchases	-	-	-	26,285,848	-	26,285,848
Assigned						
Future capital purchases	877,758	13,193,723	454,415	-	270,099	14,795,995
Unassigned	-	-	-	-	-	-
Total fund balances	877,758	13,448,562	533,930	26,329,196	270,099	41,459,545
Total liabilities and fund balances	\$ 885,207	\$ 13,655,939	\$ 768,759	\$ 26,329,196	\$ 280,099	\$ 41,919,200

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

Year Ended June 30, 2016

	Total Special Revenue Funds	Total Capital Project Funds	Debt Service Fund	Total Other Governmental Funds
Revenues				
Ad valorem taxes	\$ 107,027	\$ -	\$ -	\$ 107,027
Restricted intergovernmental revenues	4,079,165	248,476	-	4,327,641
Investment earnings	2,908	336,254	-	339,162
Program income	1,331,571	381,028	-	1,712,599
Other revenues	87,583	160,281	-	247,864
Total revenues	5,608,254	1,126,039	-	6,734,293
Expenditures				
Current:				
Planning and community development	107,027	-	-	107,027
Administration	464,762	1,545,375	-	2,010,137
Housing assistance payments	3,832,265	-	-	3,832,265
Rehabilitation	1,072,157	-	-	1,072,157
Capital outlay	-	8,025,700	-	8,025,700
Debt service	183,460	2,928,010	-	3,111,470
Total expenditures	5,659,671	12,499,085	-	18,158,756
Excess (deficiency) of revenues over (under) expenditures	(51,417)	(11,373,046)	-	(11,424,463)
Other Financing Sources (Uses)				
Transfers from other funds	54,517	18,061,089	614,473	18,730,079
Transfers to other funds	(382,248)	(2,397,683)	-	(2,779,931)
Total other financing sources (uses)	(327,731)	15,663,406	614,473	15,950,148
Net change in fund balances	(379,148)	4,290,360	614,473	4,525,685
Fund Balances (Deficit)				
Beginning	759,977	37,169,185	(614,473)	37,314,689
Ending	\$ 380,829	\$ 41,459,545	\$ -	\$ 41,840,374

This page is intentionally blank.

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

Year Ended June 30, 2016

	Housing Assistance	Community Development	Section 108 Loan/BEDI Grant	Home	Municipal Service District	Additional Vehicle Tax	Total Special Revenue Funds
Revenues							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ 107,027	\$ -	\$ 107,027
Restricted intergovernmental revenues	3,303,433	403,248	-	372,484	-	-	4,079,165
Investment earnings	2,340	-	-	-	-	568	2,908
Program income	749,463	7,156	-	193,272	-	381,680	1,331,571
Other revenues	9,761	-	77,822	-	-	-	87,583
Total revenue	4,064,997	410,404	77,822	565,756	107,027	382,248	5,608,254
Expenditures							
Current:							
Planning and community development	-	-	-	-	107,027	-	107,027
Administration	310,069	83,113	-	71,580	-	-	464,762
Housing assistance payments	3,832,265	-	-	-	-	-	3,832,265
Rehabilitation	-	326,715	-	745,442	-	-	1,072,157
Capital outlay	-	-	-	-	-	-	-
Debt service	-	-	183,460	-	-	-	183,460
Total expenditures	4,142,334	409,828	183,460	817,022	107,027	-	5,659,671
Excess (deficiency) of revenues over (under) expenditures	(77,337)	576	(105,638)	(251,266)	-	382,248	(51,417)
Other Financing Sources (Uses)							
Transfers from other funds	-	-	-	54,517	-	-	54,517
Transfers to other funds	-	-	-	-	-	(382,248)	(382,248)
Total other financing sources (uses)	-	-	-	54,517	-	(382,248)	(327,731)
Net change in fund balances	(77,337)	576	(105,638)	(196,749)	-	-	(379,148)
Fund Balances (Deficit)							
Beginning	99,994	(576)	363,511	297,048	-	-	759,977
Ending	\$ 22,657	\$ -	\$ 257,873	\$ 100,299	\$ -	\$ -	\$ 380,829

NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

Year Ended June 30, 2016

	Parks	Transportation	General Fund Capital Projects	General Fund Capital Reserve	Fire and Life Safety	Total Capital Projects Funds
Revenues						
Restricted intergovernmental revenues	\$ -	\$ 224,596	\$ 23,880	\$ -	\$ -	\$ 248,476
Program income	-	381,028	-	-	-	381,028
Other revenues	-	-	160,281	-	-	160,281
Investment earnings	-	128,931	4,569	202,754	-	336,254
Total revenues	-	734,555	188,730	202,754	-	1,126,039
Expenditures						
Administration	99,969	122,736	1,172,009	-	150,661	1,545,375
Debt service	-	-	2,928,010	-	-	2,928,010
Capital outlay	595,556	1,950,244	4,511,691	-	968,209	8,025,700
Total expenditures	695,525	2,072,980	8,611,710	-	1,118,870	12,499,085
Excess (deficiency) of revenues over expenditures	(695,525)	(1,338,425)	(8,422,980)	202,754	(1,118,870)	(11,373,046)
Other Financing Sources (Uses)						
Transfers in	110,077	2,644,433	3,178,294	12,000,000	128,285	18,061,089
Transfers out	-	-	(30,000)	(2,367,683)	-	(2,397,683)
Total other financing sources (uses)	110,077	2,644,433	3,148,294	9,632,317	128,285	15,663,406
Net change in fund balances	(585,448)	1,306,008	(5,274,686)	9,835,071	(990,585)	4,290,360
Fund Balances (Deficit)						
Beginning	1,463,206	12,142,554	5,808,616	16,494,125	1,260,684	37,169,185
Ending	\$ 877,758	\$ 13,448,562	\$ 533,930	\$ 26,329,196	\$ 270,099	\$ 41,459,545

Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government's board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's board has decided that periodic determination of net income is appropriate for accountability purposes.

The following funds have been established as Enterprise Funds:

Golf Course Fund - This fund is used to account for the operations of the City's municipal golf course.

Housing Department Fund - This fund is used to account for the operations of the City's housing department.

Transit Fund - This fund is used to account for the operations of the City's transit system.

This page is intentionally blank.

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF NET POSITION

June 30, 2016

ASSETS	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Current Assets				
Cash and investments	\$ -	\$ 621,077	\$ -	\$ 621,077
Receivables:				
Accounts receivable, net	-	3,510	98,550	102,060
Due from other governments	-	31,230	897,382	928,612
Interest	-	1,818	-	1,818
Other	798,886	-	-	798,886
Inventories and prepaid expenses	71,005	122	-	71,127
Total current assets	869,891	657,757	995,932	2,523,580
Noncurrent assets:				
Restricted assets - cash and investments	-	39,961	-	39,961
Capital assets	9,609,341	10,854,030	10,813,738	31,277,109
Less accumulated depreciation	(298,015)	(5,455,002)	(3,731,533)	(9,484,550)
Total noncurrent assets	9,311,326	5,438,989	7,082,205	21,832,520
Total assets	10,181,217	6,096,746	8,078,137	24,356,100
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan	-	40,986	9,452	50,438
Deferred charge on refunding	104,484	-	-	104,484
Total deferred outflows of resources	104,484	40,986	9,452	154,922
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	138,028	74,707	200,237	412,972
Current portion of long-term debt	845,000	30,246	3,934	879,180
Accrued interest	7,732	-	-	7,732
Due to other funds	320,257	279,895	1,352,515	1,952,667
Total current liabilities	1,311,017	384,848	1,556,686	3,252,551
Noncurrent liabilities				
Long-term debt due after one year	3,874,915	255,596	42,467	4,172,978
Deposits	-	39,961	-	39,961
Total noncurrent liabilities	3,874,915	295,557	42,467	4,212,939
Total liabilities	5,185,932	680,405	1,599,153	7,465,490
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	-	17,474	(2,502)	14,972
NET POSITION				
Net investment in capital assets	4,695,894	5,399,028	7,082,205	17,177,127
Unrestricted	403,875	40,825	(591,267)	(146,567)
Total net position	\$ 5,099,769	\$ 5,439,853	\$ 6,490,938	\$ 17,030,560

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION

Year Ended June 30, 2016

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Operating Revenues				
Charges for services	\$ 979,840	\$ 381,278	\$ 288,531	\$ 1,649,649
Other operating revenues	653,731	-	-	653,731
Total operating revenue	1,633,571	381,278	288,531	2,303,380
Operating Expenses				
General and administrative	-	1,024,436	278,524	1,302,960
Professional services	911,010	-	2,507,989	3,418,999
Utilities	-	239,467	-	239,467
Maintenance and repairs	-	347,653	-	347,653
Operating supplies	-	-	196,331	196,331
Other operating costs	786,602	-	(27)	786,575
Depreciation and amortization	(17,433)	517,048	1,072,632	1,572,247
Total operating expenses	1,680,179	2,128,604	4,055,449	7,864,232
Operating income (loss)	(46,608)	(1,747,326)	(3,766,918)	(5,560,852)
Nonoperating Revenues (Expenses)				
Operating subsidy	-	1,192,880	892,054	2,084,934
Interest earned on investments	-	7,118	-	7,118
Interest expense	(100,043)	(1,451)	-	(101,494)
Other	(1,903)	13,262	-	11,359
Total nonoperating revenues (expenses)	(101,946)	1,211,809	892,054	2,001,917
Income (loss) before transfers	(148,554)	(535,517)	(2,874,864)	(3,558,935)
Transfers In (Out)				
Transfers Out	-	(25,337)	-	(25,337)
Transfers In	883,107	-	1,156,749	2,039,856
Transfers in (out)	883,107	(25,337)	1,156,749	2,014,519
Change in net position	734,553	(560,854)	(1,718,115)	(1,544,416)
Net Position				
Beginning	4,365,216	6,000,707	8,209,053	18,574,976
Ending	\$ 5,099,769	\$ 5,439,853	\$ 6,490,938	\$ 17,030,560

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,489,847	\$ 584,516	\$ 1,684,996	\$ 3,759,359
Payments to employees	-	(487,439)	(226,969)	(714,408)
Payments to suppliers	(1,644,980)	(1,162,312)	(2,457,777)	(5,265,069)
Net cash provided by (used in) operating activities	(155,133)	(1,065,235)	(999,750)	(2,220,118)
Cash Flows From Noncapital Financing Activities				
Due to (from) other funds	211,947	134,804	(1,049,053)	(702,302)
Transfers in	883,107	-	1,156,749	2,039,856
Transfers out	-	(25,337)	-	(25,337)
Operating grants received	-	1,192,880	892,054	2,084,934
Net cash provided by noncapital financing activities	1,095,054	1,302,347	999,750	3,397,151
Cash Flows from Capital and Related Financing Activities				
Principal payment on long-term debt	(840,000)	-	-	(840,000)
Interest paid	(99,921)	(1,451)	-	(101,372)
Acquisition and construction of capital assets	-	(182,686)	-	(182,686)
Proceeds from the sale of capital assets	-	-	-	-
Net cash used in capital and related financing activities	(939,921)	(184,137)	-	(1,124,058)
Cash Flows Provided by Investing Activities				
Earnings on investments	-	6,911	-	6,911
Net decrease in cash and cash equivalents	-	59,886	-	59,886
Cash and cash equivalents:				
Beginning	-	601,152	-	601,152
Ending	\$ -	\$ 661,038	\$ -	\$ 661,038

Continued

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2016

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Operating income (loss)	\$ (46,608)	\$ (1,747,326)	\$ (3,766,918)	\$ (5,560,852)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	(17,433)	517,048	1,072,632	1,572,247
Pension expense	-	(14,468)	(4,047)	(18,515)
Other income	(1,903)	84,159	-	82,256
Changes in assets, deferred outflows of resources, and liabilities:				
(Increase) decrease in:				
Accounts receivable	(141,821)	2,833	1,396,465	1,257,477
Due from other governmental agencies	-	116,246	291,748	407,994
Inventories and prepaid expenses	1,667	8,297	-	9,964
Deferred outflows of resources for pensions	-	(1,304)	(365)	(1,669)
Increase (decrease) in:				
Accounts payable and accrued expenses	50,965	(54,444)	6,001	2,522
Vacation accrual	-	7,406	1,112	8,518
OPEB liability	-	12,949	3,622	16,571
Deposits	-	3,369	-	3,369
Net cash provided by (used in) operating activities	\$ (155,133)	\$ (1,065,235)	\$ (999,750)	\$ (2,220,118)

**Capital Assets used in the
Operation of Governmental Funds**

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF FUNCTION AND ACTIVITY

June 30, 2016

Function/Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government							
Governing body	\$ -	\$ -	\$ -	\$ 5,429	\$ -	\$ -	\$ 5,429
Administration	3,341,071	19,137,869	377,386	1,302,490	756,904	-	24,915,720
Finance	-	-	-	169,706	-	-	169,706
Tax office	-	-	-	79,152	-	-	79,152
Legal	-	-	-	-	-	-	-
Human resources	-	451,282	-	99,524	-	-	550,806
Total general government	3,341,071	19,589,151	377,386	1,656,301	756,904	-	25,720,813
Public Safety							
Communications	-	-	-	1,498,539	-	-	1,498,539
Police	-	14,586,391	24,000	7,717,827	-	-	22,328,218
Fire	1,907,592	17,549,487	282,322	11,459,630	-	1,019,865	32,218,896
Sign shop	-	-	-	46,837	-	-	46,837
Total public safety	1,907,592	32,135,878	306,322	20,722,833	-	1,019,865	56,092,490
Public Works							
Streets	41,020,545	658,440	76,177	4,093,117	565,600,099	3,334,962	614,783,340
Sanitation	-	3,719,898	206,147	3,024,289	-	-	6,950,334
Cemeteries	-	-	191,523	183,636	168,239	-	543,398
Transportation	50,987	-	-	-	6,843,848	-	6,894,835
Fleet Services	-	1,024,795	-	558,223	-	-	1,583,018
Total public works	41,071,532	5,403,133	473,847	7,859,265	572,612,186	3,334,962	630,754,925
Cultural and Recreational							
Parks and recreation	7,578,974	8,006,847	4,296,793	571,231	-	-	20,453,845
Planning and Community Development							
Planning and zoning	437,552	29,450	450,901	157,461	673,267	-	1,748,631
Section 8, Housing Assistance	-	125,008	-	21,196	-	-	146,204
Total planning and community development	437,552	154,458	450,901	178,657	673,267	-	1,894,835
Total capital assets	\$ 54,336,721	\$ 65,289,467	\$ 5,905,249	\$ 30,988,287	\$ 574,042,357	\$ 4,354,827	\$ 734,916,908

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

June 30, 2016

Function/Activity	June 30, 2015	Additions	Retirements/ Transfers	June 30, 2016
General Government				
Governing body	\$ 5,429	\$ -	\$ -	\$ 5,429
Administration	20,477,022	13,596,896	9,158,198	24,915,720
Finance	169,706	-	-	169,706
Tax office	79,152	-	-	79,152
Legal	-	-	-	-
Human resources	502,526	-	(48,280)	550,806
Total general government	21,233,835	13,596,896	9,109,918	25,720,813
Public Safety				
Communications	1,654,864	45,834	202,159	1,498,539
Police	21,822,898	751,258	245,938	22,328,218
Fire	30,044,391	5,053,933	2,879,428	32,218,896
Sign shop	46,837	-	-	46,837
Total public safety	53,568,990	5,851,025	3,327,525	56,092,490
Public Works				
Streets	602,164,991	16,377,211	3,758,862	614,783,340
Sanitation	6,750,191	528,358	328,215	6,950,334
Cemeteries	543,398	-	-	543,398
Transportation	6,894,835	-	-	6,894,835
Fleet services	1,572,343	18,095	7,420	1,583,018
Total public works	617,925,758	16,923,664	4,094,497	630,754,925
Cultural and Recreational				
Parks and recreation	19,970,035	2,544,312	2,060,502	20,453,845
Planning and Community Development				
Planning and zoning	1,748,631	-	-	1,748,631
Section 8, Housing Assistance	146,204	-	-	146,204
Total planning and community development	1,894,835	-	-	1,894,835
Total capital assets	\$ 714,593,453	\$ 38,915,897	\$ 18,592,442	\$ 734,916,908

This page is intentionally blank.

Supplemental Information

- Budget to actual comparison for other major and nonmajor governmental funds, enterprise funds and internal service fund of the primary government
- Statement of changes in assets and liabilities - agency funds
- Schedule of Ad Valorem Tax Receivable
- Analysis of Current Tax Levy
- Schedule of Cash and Investment Balances
- Supplemental Financial Data Schedule Section 8 Housing Programs
- Schedule of Business-Type Activities Capital Assets
- Schedule of Business-Type Activities Long-Term Debt

This page is intentionally blank.

HOUSING ASSISTANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Restricted intergovernmental revenues	\$ 3,768,256	\$ 3,768,256	\$ 3,303,433	\$ (464,823)
Investment earnings	500	500	2,340	1,840
Program income	1,060,000	1,060,000	749,463	(310,537)
Other income (loss)	500	500	9,761	9,261
Total revenues	4,829,256	4,829,256	4,064,997	(764,259)
Expenditures				
Administration	320,397	320,397	310,069	10,328
Housing assistance payments	4,508,859	4,508,859	3,832,265	676,594
Total expenditures	4,829,256	4,829,256	4,142,334	686,922
Excess (deficiency) of revenues over expenditures	-	-	(77,337)	(77,337)
Other Financing Sources				
Appropriated fund balance	-	-	-	-
Total other financing sources	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	(77,337)	\$ (77,337)
Fund Balance				
Beginning			<u>99,994</u>	
Ending			<u>\$ 22,657</u>	

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B12-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 420,764	\$ 419,961	\$ 803	\$ 420,764
Program income	25,498	25,497	-	25,497
Total revenues	446,262	445,458	803	446,261
Expenditures				
Administration	61,038	61,722	-	61,722
Rehabilitation	307,997	306,509	803	307,312
Total expenditures	369,035	368,231	803	369,034
Excess (deficiency) of revenues over expenditures	77,227	77,227	-	77,227
Other Financing Uses				
Transfers Out	(77,227)	(77,227)	-	(77,227)
Total other financing uses	(77,227)	(77,227)	-	(77,227)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	\$ -	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B13-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 481,036	\$ 411,300	\$ 63,889	\$ 475,189
Program income	20,276	20,276	-	20,276
Total revenues	501,312	431,576	63,889	495,465
Expenditures				
Administration	71,128	71,127	-	71,127
Rehabilitation	376,524	317,929	55,302	373,231
Total expenditures	447,652	389,056	55,302	444,358
Excess (deficiency) of revenues over expenditures	53,660	42,520	8,587	51,107
Other Financing Sources (Uses)				
Transfers In	-	2,553	-	2,553
Transfers Out	(53,660)	(53,660)	-	(53,660)
Total other financing sources (uses)	(53,660)	(51,107)	-	(51,107)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ (8,587)	\$ 8,587	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B14-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 481,426	\$ 113,219	\$ 214,599	\$ 327,818
Program income	23,929	23,929	-	23,929
Total revenues	505,355	137,148	214,599	351,747
Expenditures				
Administration	85,991	85,990	-	85,990
Rehabilitation	419,364	43,147	222,610	265,757
Total expenditures	505,355	129,137	222,610	351,747
Excess (deficiency) of revenues over expenditures	\$ -	\$ 8,011	\$ (8,011)	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B15-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 476,545	\$ -	\$ 123,957	\$ 123,957
Program income	16,000	-	7,156	7,156
Total revenues	492,545	-	131,113	131,113
Expenditures				
Administration	98,509	-	83,113	83,113
Rehabilitation	394,036	-	48,000	48,000
Total expenditures	492,545	-	131,113	131,113
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

SECTION 108 LOAN/BEDI GRANT

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Investment earnings	\$ 16,429	\$ 16,429	\$ -	\$ 16,429
Restricted intergovernmental revenues	1,000,000	1,000,000	-	1,000,000
Other income	894,759	1,074,809	77,822	1,152,631
Total revenues	1,911,188	2,091,238	77,822	2,169,060
Expenditures				
Rehabilitation	2,676,880	2,676,879	-	2,676,879
Debt service	1,208,308	1,024,848	183,460	1,208,308
Total expenditures	3,885,188	3,701,727	183,460	3,885,187
Excess (deficiency) of revenues over expenditures	(1,974,000)	(1,610,489)	(105,638)	(1,716,127)
Other Financing Sources (Uses)				
Debt issued	1,974,000	1,974,000	-	1,974,000
Transfers In	249,596	249,596	-	249,596
Transfers Out	(249,596)	(249,596)	-	(249,596)
Total other financing sources (uses)	1,974,000	1,974,000	-	1,974,000
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	\$ -	\$ 363,511	(105,638)	\$ 257,873
Fund Balance				
Beginning			363,511	
Ending			\$ 257,873	

HOME FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 1,157,884	\$ 338,771	\$ 372,484	\$ 711,255
Program income	336,234	287,902	193,272	481,174
Total revenues	1,494,118	626,673	565,756	1,192,429
Expenditures				
Administration	413,433	273,855	71,580	345,435
Rehabilitation	1,395,473	314,815	745,442	1,060,257
Total expenditures	1,808,906	588,670	817,022	1,405,692
Excess (deficiency) of revenues over expenditures	(314,788)	38,003	(251,266)	(213,263)
Other Financing Sources (Uses)				
Transfers In	314,788	259,045	54,517	313,562
Total other financing sources	314,788	259,045	54,517	313,562
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 297,048	(196,749)	\$ 100,299
Fund Balance				
Beginning			297,048	
Ending			\$ 100,299	

MUNICIPAL SERVICE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 89,240	\$ 113,475	\$ 107,027	\$ (6,448)
Expenditures				
Community development	89,240	113,475	107,027	6,448
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance				
Beginning			-	
Ending			<u>\$ -</u>	

ADDITIONAL VEHICLE TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Program income	\$ 310,000	\$ 400,000	\$ 381,680	\$ (18,320)
Investment earnings	-	245	568	323
Total revenues	<u>310,000</u>	<u>400,245</u>	<u>382,248</u>	<u>(17,997)</u>
Other Financing Uses				
Transfers out	(310,000)	(400,245)	(382,248)	17,997
Total other financing uses	<u>(310,000)</u>	<u>(400,245)</u>	<u>(382,248)</u>	<u>17,997</u>
Total of revenues and other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance				
Beginning			-	
Ending			<u>\$ -</u>	

PARKS AND RECREATION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Operating Revenues				
Contributions	\$ 50,250	\$ 50,250	\$ -	\$ 50,250
Restricted intergovernmental revenues	635,000	635,000	-	635,000
Total operating revenues	685,250	685,250	-	685,250
Operating Expenditures				
Park Light Project	56,491	36,500	-	36,500
Hartsell Recreation Center Renovation	130,500	26,500	88,089	114,589
Hector Henry Greenway	2,925,979	2,347,782	507,229	2,855,011
McEachern Greenway	1,096,330	230,984	100,207	331,191
Northwest Park	5,031	-	-	-
Total operating expenditures	4,214,331	2,641,766	695,525	3,337,291
Deficiency of revenues over expenditures before transfers	(3,529,081)	(1,956,516)	(695,525)	(2,652,041)
Transfers In				
Transfers in	3,529,081	3,419,722	110,077	3,529,799
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 1,463,206	\$ (585,448)	\$ 877,758

TRANSPORTATION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Operating Revenues				
Restricted intergovernmental revenues	\$ 6,729,635	\$ 3,349,137	\$ 224,596	\$ 3,573,733
Investment earnings	312,053	230,595	128,931	359,526
Program income	1,636,733	1,358,312	381,028	1,739,340
Total operating revenues	8,678,421	4,938,044	734,555	5,672,599
Operating Expenditures				
Poplar Tent/Hwy 29 CMAQ	1,859,626	392,659	-	392,659
Hwy 601/Hwy 3 CMAQ	1,558,905	504,308	678,165	1,182,473
Future Improvements	3,958,669	-	-	-
Derita Rd	3,786,763	1,414,116	283,282	1,697,398
Cabarrus RR Bridge Railing	104,305	-	104,305	104,305
Burrage Rd NE Street	900,000	404,191	310,563	714,754
Terminal Court	152,400	-	-	-
Traffic Management Center	2,197,500	144,968	91,418	236,386
NE Subset Sidewalk Extension	525,916	-	-	-
Virginia St SE Segment Improvements	1,050,000	-	-	-
Brookwood Phase Design	2,602,400	-	257,461	257,461
US 29 Bridge 66 & 69	15,553	-	-	-
ITS Expansion	1,250,000	-	-	-
BOC Salt Storage Shed	359,496	-	329,354	329,354
US29/Copperfield SW & Bike Pro	155,531	-	15,275	15,275
Infrastructure	807,795	152,340	1,477	153,817
Burrage Rd Bridge Replacement	2,672,399	2,417,312	1,680	2,418,992
Total operating expenditures	23,957,258	5,429,894	2,072,980	7,502,874
Deficiency of revenues over				
expenditures before transfers	(15,278,837)	(491,850)	(1,338,425)	(1,830,275)
Other Financing Sources (Uses)				
Transfers In	15,278,837	12,634,404	2,644,433	15,278,837
Transfers Out	-	-	-	-
Total other financing sources	15,278,837	12,634,404	2,644,433	15,278,837
Excess of revenues and transfers				
over expenditures	\$ -	\$ 12,142,554	\$ 1,306,008	\$ 13,448,562

GENERAL FUND CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Restricted intergovernmental revenues	\$ 140,000	\$ -	\$ 23,880	\$ 23,880
Contributions	160,281	-	160,281	160,281
Total operating revenues	300,281	-	184,161	184,161
Expenditures				
Contract services	584,774	517,370	36,467	553,837
Capital outlay	2,705,437	1,391,878	40,996	1,432,874
Total expenditures	3,290,211	1,909,248	77,463	1,986,711
Excess (deficiency) of revenues over expenditures before transfers	(2,989,930)	(1,909,248)	106,698	(1,802,550)
Transfer In	3,019,930	2,749,622	251,260	3,000,882
Transfer Out	(30,000)	-	(30,000)	(30,000)
Excess of revenues and transfers over expenditures	\$ -	\$ 840,374	\$ 327,958	\$ 1,168,332

Change in net position:

General Fund Capital Projects Fund	\$ 327,958
First Concord Capital Project Fund (Statement 44)	(5,602,644)
	<u>\$ (5,274,686)</u>

GENERAL CAPITAL RESERVE PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Investment Earnings	\$ 929,210	\$ 805,899	\$ 202,754	\$ 1,008,653
Expenditures				
Capital outlay	26,249,752	-	-	-
Total expenditures	26,249,752	-	-	-
Excess (deficiency) of revenues over expenditures	(25,320,542)	805,899	202,754	1,008,653
Other Financing Sources (Uses)				
Transfers In	27,688,225	15,688,226	12,000,000	27,688,226
Transfers Out	(2,367,683)	-	(2,367,683)	(2,367,683)
Total other financing sources (uses)	25,320,542	15,688,226	9,632,317	25,320,543
Excess of revenues and other financing sources (uses) over expenditures	\$ -	\$ 16,494,125	9,835,071	\$ 26,329,196
Fund Balance				
Beginning			16,494,125	
Ending			<u>\$ 26,329,196</u>	

FIRE AND LIFE SAFETY CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Other income	\$ 368,591	\$ 368,590	\$ -	\$ 368,590
Operating Expenditures				
Operating supplies	150,661	-	150,661	150,661
Capital outlay	5,923,791	4,685,481	968,209	5,653,690
Total operating expenditures	6,074,452	4,685,481	1,118,870	5,804,351
Deficiency of revenues over expenditures before transfers	(5,705,861)	(4,316,891)	(1,118,870)	(5,435,761)
Transfer In (Out)	5,705,861	5,577,575	128,285	5,705,860
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 1,260,684	\$ (990,585)	\$ 270,099

ELECTRIC OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Operating Revenues				
Charges for services	\$ 80,681,745	\$ 80,804,745	\$ 80,794,414	\$ (10,331)
Other operating revenues	1,070,700	1,422,611	1,292,523	(130,088)
Total operating revenues	81,752,445	82,227,356	82,086,937	(140,419)
Operating Expenditures				
Administration	2,804,852	2,804,852	2,538,857	265,995
Purchased power	61,170,253	60,574,420	47,243,223	13,331,197
Power line and plant	11,165,227	12,352,572	12,094,749	257,823
Total operating expenditures	75,140,332	75,731,844	61,876,829	13,855,015
Nonoperating Revenues (Expenditures)				
Capital outlay	(4,077,899)	(4,097,063)	(2,103,837)	1,993,226
Interest earned on investments	315,000	405,000	643,379	238,379
Issuance of refunding bonds	-	-	7,189,319	7,189,319
Premium on refunding bonds	-	-	1,529,793	1,529,793
Payment to refunded bonds escrow agent	-	-	(8,604,586)	(8,604,586)
Issuance costs	-	-	(878,500)	(878,500)
Debt service and capital lease payments	(2,959,374)	(2,959,374)	(2,134,806)	824,568
Appropriated Fund Balance	7,680,819	7,680,819	-	(7,680,819)
Gain on sale of capital assets	-	45,765	23,288	(22,477)
Total nonoperating expenditures	958,546	1,075,147	(4,335,950)	(5,411,097)
Income before capital				
contributions and transfers	7,570,659	7,570,659	15,874,158	8,303,499
Transfers In (Out)				
Transfers out	(7,570,659)	(7,570,659)	(7,570,659)	-
Excess of revenues over				
expenditures and transfers	\$ -	\$ -	8,303,499	\$ 8,303,499
Reconciliation of Modified Accrual Basis				
to Full Accrual Basis				
Depreciation and amortization			(4,287,641)	
Capital outlay			2,103,837	
Unfunded OPEB Expense			(66,828)	
Pension expense			81,396	
Health claims incurred but not reported			6,910	
Increase to workers comp claims reserve			67,074	
Issuance of bonds			(8,719,112)	
Issuance costs			772,993	
Debt service			9,874,795	
Change in net position			\$ 8,136,923	
Change in net position:				
Electric Operating Fund			\$ 8,136,923	
Electric Projects Capital Projects Fund (Statement 27)			6,975,571	
Utility Capital Reserve Project Fund (Statement 33)			-	
			\$ 15,112,494	

ELECTRIC PROJECTS CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Operating Expenditures				
Contract cost	\$ 415,375	\$ 390,946	\$ 24,429	\$ 415,375
Capital outlay	12,024,112	4,065,681	2,571,849	6,637,530
Total operating expenditures	12,439,487	4,456,627	2,596,278	7,052,905
Deficiency of revenues over expenditures before transfers	(12,439,487)	(4,456,627)	(2,596,278)	(7,052,905)
Transfer In	12,439,487	5,439,487	7,000,000	12,439,487
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 982,860	4,403,722	\$ 5,386,582
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			2,571,849	
Change in net position			\$ 6,975,571	

WATER OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Operating Revenues				
Charges for services	\$ 20,135,840	\$ 20,135,840	\$ 20,670,255	\$ 534,415
Other operating revenues	1,203,200	1,304,063	2,271,670	967,607
Total operating revenues	21,339,040	21,439,903	22,941,925	1,502,022
Operating Expenditures				
Repairs and maintenance	1,648,030	1,648,030	943,402	704,628
Water plants and lakes	7,765,808	7,765,808	5,454,912	2,310,896
Water line operation and maintenance	6,632,732	6,733,595	5,885,226	848,369
Total operating expenditures	16,046,570	16,147,433	12,283,540	3,863,893
Nonoperating Revenues (Expenditures)				
Interest earned on investments	340,000	340,000	471,521	131,521
Capital outlay	(1,252,877)	(1,252,877)	(222,542)	1,030,335
Issuance of refunding bonds	-	-	9,046,290	9,046,290
Premium on refunding bonds	-	-	1,924,932	1,924,932
Payment to refunded bonds escrow agent	-	-	(10,827,114)	(10,827,114)
Issuance costs	-	-	(1,105,413)	(1,105,413)
Debt service	(4,437,844)	(4,437,844)	(3,398,699)	1,039,145
Gain on sale of capital assets	-	-	22,784	22,784
Appropriated Fund Balance	1,646,498	6,896,498	-	(6,896,498)
Total nonoperating expenditures	(3,704,223)	1,545,777	(4,088,241)	(5,634,018)
Income before capital				
contributions and transfers	1,588,247	6,838,247	6,570,144	(268,103)
Transfers In (Out)				
To Project Fund	(1,588,247)	(6,838,247)	(6,838,247)	-
Capital Contributions	-	-	3,010,736	3,010,736
Excess of revenues, capital				
contributions over expenditures	\$ -	\$ -	2,742,633	\$ 2,742,633
Reconciliation of Modified Accrual Basis				
to Full Accrual Basis				
Depreciation and amortization			(3,861,374)	
Unfunded OPEB Expense			(62,572)	
Pension expense			76,212	
Health claims incurred but not reported			6,205	
Issuance of bonds			(10,971,222)	
Issuance costs			972,654	
Capital outlay			222,542	
Debt service			12,895,565	
Change in net position			\$ 2,020,643	
Change in net position:				
Water Operating Fund			\$ 2,020,643	
2008 Revenue Bonds Capital Project Fund (Statement 29)			-	
Water Projects Capital Project Fund (Statement 30)			8,495,373	
			\$ 10,516,016	

2008 REVENUE BONDS CAPITAL PROJECT FUND - WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Interest earned on investments	\$ 10,651	\$ 10,651	\$ -	\$ 10,651
	<u>10,651</u>	<u>10,651</u>	<u>-</u>	<u>10,651</u>
Expenditures				
Capital Outlay:				
Fire Flow Improvements	265,859	148,255	42,785	191,040
Albemarle Waterline	1,971,578	1,971,578	-	1,971,578
Total expenditures	<u>2,237,437</u>	<u>2,119,833</u>	<u>42,785</u>	<u>2,162,618</u>
Deficiency of revenues over expenditures	<u>(2,226,786)</u>	<u>(2,109,182)</u>	<u>(42,785)</u>	<u>(2,151,967)</u>
Other Financing Sources				
Issuance of bonds	2,226,786	2,226,785	-	2,226,785
	<u>2,226,786</u>	<u>2,226,785</u>	<u>-</u>	<u>2,226,785</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 117,603</u>	<u>(42,785)</u>	<u>\$ 74,818</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			42,785	
Change in net position			<u>\$ -</u>	

WATER PROJECTS CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Operating Expenditures				
Contract cost	\$ 3,401,439	\$ 3,051,375	\$ 350,064	\$ 3,401,439
Capital outlay	17,259,472	4,842,127	1,879,456	6,721,583
Total operating expenditures	20,660,911	7,893,502	2,229,520	10,123,022
Deficiency of revenues over expenditures before transfers	(20,660,911)	(7,893,502)	(2,229,520)	(10,123,022)
Transfer In	20,660,911	14,254,757	6,832,430	21,087,187
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 6,361,255	4,602,910	\$ 10,964,165
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			3,892,463	
Change in net position			\$ 8,495,373	

WASTEWATER OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 15,450,000	\$ 15,450,000	\$ 15,961,739	\$ 511,739
Other operating revenues	661,000	718,850	1,689,283	970,433
Total operating revenues	16,111,000	16,168,850	17,651,022	1,482,172
Operating Expenditures				
Repairs and maintenance	656,592	645,945	463,076	182,869
Wastewater line and plant	11,356,348	11,423,929	11,167,598	256,331
Total operating expenditures	12,012,940	12,069,874	11,630,674	439,200
Nonoperating Revenues (Expenditures)				
Interest earned on investments	200,000	200,000	250,612	50,612
Capital outlay	(877,342)	(903,279)	(398,095)	505,184
Issuance of refunding bonds	-	-	2,849,390	2,849,390
Premium on refunding bonds	-	-	606,313	606,313
Payment to refunded bonds escrow agent	-	-	(3,410,312)	(3,410,312)
Debt service	(2,796,226)	(2,796,226)	(2,466,160)	330,066
Cost of issuance	-	-	(348,182)	(348,182)
Gain (loss) on sale of capital assets	-	25,021	35,099	10,078
Appropriated Fund Balance	222,870	222,870	-	(222,870)
Total nonoperating expenditures	(3,250,698)	(3,251,614)	(2,881,335)	370,279
Income before capital contributions and transfers in	847,362	847,362	3,139,013	2,291,651
Capital Contributions	-	-	3,203,273	3,203,273
Transfers In (Out)				
Transfers out	(847,362)	(847,362)	(847,362)	-
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	5,494,924	\$ 5,494,924
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(3,150,045)	
Capital outlay			398,095	
Unfunded OPEB Expense			(29,339)	
Pension expense			35,735	
Health claims incurred but not reported			2,864	
Issuance of bonds			(3,455,703)	
Issuance costs			306,365	
Debt service			5,156,243	
Change in net position			\$ 4,759,139	
Change in net position:				
Wastewater Operating Fund			\$ 4,759,139	
Wastewater Projects Capital Project Fund (Statement 32)			844,246	
			\$ 5,603,385	

WASTEWATER PROJECTS CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Expenditures				
Capital outlay	\$ 1,801,147	\$ -	\$ -	\$ -
Total operating expenditures	<u>1,801,147</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over expenditures before transfers	<u>(1,801,147)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer In	1,801,147	956,901	844,246	1,801,147
Excess of revenues and transfers over expenditures	<u>\$ -</u>	<u>\$ 956,901</u>	<u>844,246</u>	<u>\$ 1,801,147</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			-	
Change in net position			<u><u>\$ 844,246</u></u>	

UTILITY CAPITAL RESERVE PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures				
Capital outlay	\$ 4,400,000	\$ -	\$ -	\$ -
Other Financing Sources				
Transfers In	4,400,000	4,400,000	-	4,400,000
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ 4,400,000</u>	<u>-</u>	<u>\$ 4,400,000</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			-	
Change in net position			<u>\$ -</u>	
The change in net position is allocated as follows:				
Electric Operating Fund			<u>\$ -</u>	

REGIONAL AIRPORT OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 8,210,689	\$ 8,210,689	\$ 7,610,116	\$ (600,573)
Other operating revenues	12,000	60,757	53,365	(7,392)
Total operating revenues	8,222,689	8,271,446	7,663,481	(607,965)
Operating Expenditures				
Airport operation and maintenance	7,725,105	7,773,862	6,311,188	1,462,674
Total operating expenditures	7,725,105	7,773,862	6,311,188	1,462,674
Nonoperating Revenues (Expenditures)				
Interest earned on investments	40,000	40,000	60,684	20,684
Capital outlay	(696,686)	(196,686)	(181,425)	15,261
Debt service	(827,887)	(894,087)	(894,381)	(294)
Miscellaneous revenues	-	66,200	397,623	331,423
Appropriated Fund Balance	479,141	479,141	-	(479,141)
Total nonoperating expenditures	(1,005,432)	(505,432)	(617,499)	(112,067)
Income (loss) before capital contributions and transfers	(507,848)	(7,848)	734,794	742,642
Capital Contributions	-	190,833	114,175	(76,658)
Transfers In (Out)				
Transfers in	756,641	756,641	756,641	-
Transfers out	(248,793)	(939,626)	(894,220)	45,406
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	711,390	\$ 711,390
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(2,047,833)	
Capital outlay			181,425	
Unfunded OPEB Expense			(33,867)	
Pension expense			41,249	
Health claims incurred but not reported			2,087	
Increase to workers comp claims reserve			(40,444)	
Debt service			602,500	
Change in net position			\$ (583,493)	
Change in net position:				
Regional Airport Operating Fund			\$ (583,493)	
Airport Capital Project Fund (Statement 35)			8,192,241	
First Concord Capital Project Fund (Statement 44)			(196,954)	
			\$ 7,411,794	

AIRPORT CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Restricted intergovernmental revenues	\$ 18,461,948	\$ 7,274,896	\$ 7,607,848	\$ 14,882,744
Investment earnings	-	-	1,948	1,948
Total operating revenues	<u>18,461,948</u>	<u>7,274,896</u>	<u>7,609,796</u>	<u>14,884,692</u>
Operating Expenditures				
Contract services	102,500	-	66,730	66,730
Capital outlay	25,869,878	8,774,120	12,059,671	20,833,791
Total operating expenditures	<u>25,972,378</u>	<u>8,774,120</u>	<u>12,126,401</u>	<u>20,900,521</u>
Deficiency of revenues over expenditures before transfers	<u>(7,510,430)</u>	<u>(1,499,224)</u>	<u>(4,516,605)</u>	<u>(6,015,829)</u>
Other Financing Sources				
Issuance of debt	5,759,000	-	5,759,000	5,759,000
Transfer In	1,751,430	1,101,459	649,175	1,750,634
Total other financing sources	<u>7,510,430</u>	<u>1,101,459</u>	<u>6,408,175</u>	<u>7,509,634</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (397,765)</u>	<u>1,891,570</u>	<u>\$ 1,493,805</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Issuance of debt			(5,759,000)	
Capital outlay			12,059,671	
Change in net position			<u>\$ 8,192,241</u>	

STORMWATER OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 3,794,061	\$ 3,798,621	\$ 3,942,737	\$ 144,116
Other operating revenues	18,000	20,000	22,792	2,792
Total operating revenues	3,812,061	3,818,621	3,965,529	146,908
Operating Expenditures				
Stormwater operation and maintenance	2,518,100	2,530,017	2,182,949	347,068
Total operating expenditures	2,518,100	2,530,017	2,182,949	347,068
Nonoperating Revenues (Expenditures)				
Capital outlay	-	-	-	-
Interest earned on investments	50,000	55,172	86,651	31,479
Gain on sale of capital assets	-	185	185	-
Appropriation to Fund Balance	117	117	-	(117)
Total nonoperating expenditures	50,117	55,474	86,836	31,362
Income before capital contributions and transfers	1,344,078	1,344,078	1,869,416	525,338
Transfers Out				
To Project Fund	(1,344,078)	(1,344,078)	(1,344,078)	-
Excess of revenues over expenditures and transfers out	\$ -	\$ -	525,338	\$ 525,338
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(1,698,833)	
Debt service			-	
Unfunded OPEB Expense			(21,371)	
Pension expense			26,029	
Health claims incurred but not reported			586	
Capital outlay			-	
Change in net position			\$ (1,168,251)	
Change in net position:				
Stormwater Operating Fund			\$ (1,168,251)	
Stormwater Capital Project Fund (Statement 37)			1,218,009	
			\$ 49,758	

STORMWATER CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Restricted intergovernmental revenues	\$ 140,000	\$ 140,000	\$ -	\$ 140,000
Total operating revenues	<u>140,000</u>	<u>140,000</u>	<u>-</u>	<u>140,000</u>
Operating Expenditures				
Contract cost	1,157,000	20,043	123,991	144,034
Capital outlay	4,356,250	1,485,315	759,312	2,244,627
Total operating expenditures	<u>5,513,250</u>	<u>1,505,358</u>	<u>883,303</u>	<u>2,388,661</u>
Deficiency of revenues over expenditures before transfers	<u>(5,373,250)</u>	<u>(1,365,358)</u>	<u>(883,303)</u>	<u>(2,248,661)</u>
Transfer In	5,373,250	4,245,904	1,342,000	5,587,904
Excess of revenues and transfers over expenditures	<u>\$ -</u>	<u>\$ 2,880,546</u>	<u>458,697</u>	<u>\$ 3,339,243</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<u>759,312</u>	
Change in net position			<u>\$ 1,218,009</u>	

GOLF COURSE OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 1,044,360	\$ 1,044,360	\$ 979,840	\$ (64,520)
Other operating revenues	611,279	621,279	653,731	32,452
Total operating revenues	1,655,639	1,665,639	1,633,571	(32,068)
Operating Expenditures				
Professional services	819,458	819,458	788,257	31,201
Other operating costs	776,510	826,510	786,602	39,908
Total operating expenditures	1,595,968	1,645,968	1,574,859	71,109
Nonoperating Revenues (Expenditures)				
Capital outlay	-	-	-	-
Miscellaneous revenue	18,848	18,848	(1,903)	(20,751)
Appropriated Fund Balance	(78,519)	(38,519)	-	38,519
Total nonoperating revenues	(59,671)	(19,671)	(1,903)	17,768
Income before transfers	-	-	56,809	56,809
Transfers in (out)				
Transfers in	939,920	939,920	883,107	(56,813)
Among golf course funds	(939,920)	(939,920)	(939,916)	4
Excess of revenues over expenditures and transfers in (out)	\$ -	\$ -	-	\$ -
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			-	
Depreciation			(32,452)	
Change in net position			\$ (32,452)	
Change in net position:				
Golf Course Operating Fund			\$ (32,452)	
Golf Capital Project Fund (Statement 39)			(122,753)	
First Concord Capital Project Fund (Statement 44)			889,758	
			\$ 734,553	

GOLF CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Expenditures				
Contract services	\$ 140,000	\$ 15,523	\$ 122,753	\$ 138,276
Total operating expenditures	140,000	15,523	122,753	138,276
Deficiency of revenues over expenditures before transfers	(140,000)	(15,523)	(122,753)	(138,276)
Transfer In	140,000	140,000	-	140,000
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 124,477	(122,753)	\$ 1,724
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			-	
Change in net position			\$ (122,753)	

HOUSING DEPARTMENT OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 330,000	\$ 330,000	\$ 381,278	\$ 51,278
Total operating revenues	330,000	330,000	381,278	51,278
Operating Expenditures				
Administrative	656,725	735,514	736,159	(645)
Utilities	255,000	260,902	239,467	21,435
Housing maintenance and repairs	345,370	358,370	347,653	10,717
Total operating expenditures	1,257,095	1,354,786	1,323,279	31,507
Nonoperating Revenues (Expenditures)				
Operating subsidy	906,610	949,970	853,242	(96,728)
Interest earned on investments	2,000	2,000	7,118	5,118
Miscellaneous	15,000	75,000	13,262	(61,738)
Capital outlay	-	-	-	-
Debt service	(1,451)	(1,451)	(1,451)	-
Appropriated Fund Balance	24,605	24,605	-	(24,605)
Total nonoperating revenues	946,764	1,050,124	872,171	(177,953)
Loss before transfers	19,669	25,338	(69,830)	(95,168)
Transfers in (out)				
Transfer out	(19,669)	(25,338)	(25,337)	1
Transfer in	-	-	-	-
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ -	(95,167)	\$ (95,167)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Unfunded OPEB Expense			(12,949)	
Pension expense			15,772	
Health claims incurred but not reported			363	
Capital outlay			-	
Depreciation			(517,048)	
Change in net position			\$ (609,029)	
Change in net position:				
Housing Department Operating Fund			\$ (609,029)	
Housing Capital Project Fund (Statement 41)			48,175	
			\$ (560,854)	

HOUSING CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Expenditures				
Administrative	\$ 839,717	\$ 312,854	\$ 291,463	\$ 604,317
Capital outlay	151,534	103,651	47,883	151,534
Total expenditures	991,251	416,505	339,346	755,851
Other Financing Sources (Uses)				
Federal grants	991,251	416,505	339,638	756,143
Excess of other financing sources over expenditures	\$ -	\$ -	292	\$ 292
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			47,883	
Change in net position			\$ 48,175	

TRANSIT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Operating Revenues				
Charges for services	\$ 544,542	\$ 296,686	\$ 288,531	\$ 585,217
Total operating revenues	544,542	296,686	288,531	585,217
Operating Expenditures				
Administrative	527,407	196,007	278,980	474,987
Professional services	5,002,958	2,370,631	2,507,989	4,878,620
Operating supplies	3,024,262	500,872	196,331	697,203
Miscellaneous	-	6,316	(27)	6,289
Total operating expenditures	8,554,627	3,073,826	2,983,273	6,057,099
Nonoperating Revenues (Expenditures)				
Operating subsidy	8,705,117	4,055,347	892,054	4,947,401
Gain on sale of capital assets	-	-	-	-
Capital outlay	(2,755,135)	(2,238,481)	-	(2,238,481)
Deficiency of revenues over expenditures before transfers	(2,060,103)	(960,274)	(1,802,688)	(2,762,962)
Transfer In	2,060,103	968,650	1,156,749	2,125,399
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 8,376	(645,939)	\$ (637,563)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(1,072,632)	
Unfunded OPEB Expense			(3,622)	
Pension expense			4,412	
Health claims incurred but not reported			(334)	
Capital outlay			-	
Change in net position			\$ (1,718,115)	

INTERNAL SERVICE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2016

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Building and Grounds			
Salaries and benefits	\$ 2,165,666	\$ 2,141,987	\$ 23,679
Professional services	35,000	8,568	26,432
Other expenses	709,092	499,855	209,237
Capital outlay	139,000	115,823	23,177
Building and grounds allocation	(3,107,538)	(2,723,311)	(384,227)
	<u>(58,780)</u>	<u>42,922</u>	<u>(101,702)</u>
Data Services			
Salaries and benefits	91,603	92,608	(1,005)
Professional services	1,193,234	1,170,863	22,371
Other expenses	550,206	559,951	(9,745)
Capital outlay	580,839	240,800	340,039
Data services allocation	(2,546,248)	(2,092,805)	(453,443)
	<u>(130,366)</u>	<u>(28,583)</u>	<u>(101,783)</u>
Engineering			
Salaries and benefits	1,694,186	1,435,623	258,563
Professional services	17,544	9,308	8,236
Other expenses	218,845	142,229	76,616
Capital outlay	75,430	71,860	3,570
Engineering allocation	(2,006,005)	(1,599,331)	(406,674)
	<u>-</u>	<u>59,689</u>	<u>(59,689)</u>
Billing			
Salaries and benefits	577,420	590,969	(13,549)
Professional services	76,016	985	75,031
Other expenses	393,850	375,069	18,781
Capital outlay	95,332	22,335	72,997
Billing allocation	(1,268,383)	(1,126,564)	(141,819)
	<u>(125,765)</u>	<u>(137,206)</u>	<u>11,441</u>
Customer Service			
Salaries and benefits	1,313,082	1,292,252	20,830
Professional services	5,672	5,086	586
Other expenses	261,315	192,426	68,889
Capital outlay	1,924	-	1,924
Customer service allocation	(1,781,376)	(1,705,265)	(76,111)
	<u>(199,383)</u>	<u>(215,501)</u>	<u>16,118</u>

(Continued)

INTERNAL SERVICE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP) (Continued)
 Year Ended June 30, 2016

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Warehouse Operations			
Salaries and benefits	\$ 445,128	\$ 433,683	\$ 11,445
Professional services	19,500	49	19,451
Other expenses	75,750	59,596	16,154
Capital outlay	35,000	28,396	6,604
Warehouse allocation	(575,378)	(508,965)	(66,413)
	<u>-</u>	<u>12,759</u>	<u>(12,759)</u>
Utilities Collection			
Salaries and benefits	219,306	193,347	25,959
Professional services	67,700	75,908	(8,208)
Other expenses	146,395	130,582	15,813
Utilities collection allocation	(461,008)	(428,388)	(32,620)
	<u>(27,607)</u>	<u>(28,551)</u>	<u>944</u>
Total operating expenditures	<u>(541,901)</u>	<u>(294,471)</u>	<u>(247,430)</u>
Transfers out	(541,901)	(555,930)	(14,029)
Deficiency of revenues over expenditures	<u>\$ -</u>	<u>(261,459)</u>	<u>\$ (261,459)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Depreciation		(278,029)	
Unfunded OPEB Expense		(107,669)	
Pension expense		131,137	
Health claims incurred but not reported		11,186	
Decrease to workers comp claims reserve		25,620	
Capital outlay		479,214	
Change in net position		<u>\$ -</u>	
Change in net position:			
Internal Service Fund		\$ -	
First Concord Capital Project Fund (Statement 44)		168,785	
		<u>\$ 168,785</u>	

FIRST CONCORD CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2016

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ 8,070	\$ 6,663	\$ 14,733
Total revenue	-	8,070	6,663	14,733
Expenditures				
Debt service	10,863,558	6,373,713	4,610,616	10,984,329
Cost of issuance	1,407,976	1,366,682	-	1,366,682
Contract services	-	-	1,135,543	1,135,543
Capital outlay:				
City Hall	22,000,000	12,866,919	6,416,413	19,283,332
Total expenditures	34,271,534	20,607,314	12,162,572	32,769,886
Deficiency of revenues over expenditures	(34,271,534)	(20,599,244)	(12,155,909)	(32,755,153)
Other Financing Sources (Uses)				
Transfers in	12,865,231	7,627,156	5,223,620	12,850,776
Issuance of refunding bonds	23,410,000	23,410,000	-	23,410,000
Premium on refunding bonds	1,708,931	1,708,931	-	1,708,931
Payment to refunded bonds escrow agent	(25,275,000)	(25,275,000)	-	(25,275,000)
Issuance of bonds	20,445,000	20,445,000	-	20,445,000
Premium on bonds issued	1,731,845	1,731,845	-	1,731,845
Appropriation to fund balance	(614,473)	-	-	-
Total other financing sources	34,271,534	29,647,932	5,223,620	34,871,552
Deficiency of revenues and other financing sources over expenditures	\$ -	\$ 9,048,688	(6,932,289)	\$ 2,116,399
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			6,416,413	
Debt service principal payments			3,090,000	
Depreciation and amortization			(2,402,030)	
Change in net position			\$ 172,094	
The change in First Concord net position is allocated as follows:				
Debt Service Fund			\$ 614,473	
General Fund Capital Projects Fund			(5,602,644)	
Governmental activities			4,298,676	
Internal Service Fund			168,785	
Golf Course Fund			889,758	
Regional Airport Fund			(196,954)	
			\$ 172,094	

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2016

	Balance July 1, 2015	Addition	Deduction	Balance June 30, 2016
Joe Cannon Trust:				
Assets:				
Cash	\$ 272,539	\$ 101,437	\$ 90,519	\$ 283,457
Liabilities:				
Agency payable	\$ 272,539	\$ 101,437	\$ 90,519	\$ 283,457
Employee's Insurance Fund:				
Assets:				
Cash	\$ 2,220,594	\$ 8,706,138	\$ 8,646,943	\$ 2,279,789
Liabilities:				
Agency payable	\$ 2,220,594	\$ 8,706,138	\$ 8,646,943	\$ 2,279,789
Total agency funds:				
Assets:				
Cash	\$ 2,493,133	\$ 8,807,575	\$ 8,737,462	\$ 2,563,246
Liabilities:				
Agency payable	\$ 2,493,133	\$ 8,807,575	\$ 8,737,462	\$ 2,563,246

This page is intentionally blank.

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2016

Fiscal Year	Uncollected Balance June 30, 2015	Additions	Collections, Credits and Adjustments	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 47,667,548	\$ 46,909,735	\$ 757,813
2014-2015	768,796	-	347,330	421,466
2013-2014	952,416	-	158,144	794,272
2012-2013	365,959	-	109,366	256,593
2011-2012	549,499	-	437,426	112,073
2010-2011	481,175	-	348,191	132,984
2009-2010	129,479	-	35,740	93,739
2008-2009	142,986	-	18,114	124,872
2007-2008	69,343	-	6,323	63,020
2006-2007	71,593	-	4,266	67,327
2005-2006	40,635	-	40,635	-
	<u>\$ 3,571,881</u>	<u>\$ 47,667,548</u>	<u>\$ 48,415,270</u>	<u>2,824,159</u>
Less allowance for uncollectible ad valorem taxes receivable				<u>706,040</u>
Ad valorem taxes receivable				<u><u>\$ 2,118,119</u></u>

	General Fund	Municipal Service District Fund	
Reconciliation to revenue:			
Taxes, ad valorem	\$ 47,649,114	\$ 106,147	
Releases of prior years' taxes	591,263	-	
Taxes written off	68,618	128	
Total collections and credits	<u>\$ 48,308,995</u>	<u>\$ 106,275</u>	\$ 48,415,270
Interest billed and collected during the year			378,835
Releases of prior years' taxes			(591,263)
Taxes written off			(68,746)
Total Ad valorem taxes			<u><u>\$ 48,134,096</u></u>

ANALYSIS OF CURRENT LEVY
Year Ended June 30, 2016

Fiscal Year	Property Valuation	Rate	Total Levy	Total Levy	
				Property	Registered Motor Vehicles
Original levy:					
City wide	\$ 8,920,434,363	0.48	\$ 42,818,085	\$ 42,818,085	\$ -
Municipal Service District	43,967,730	0.23	101,126	101,126	-
Current year's rate, Motor vehicles	806,791,900	0.48	3,872,574	-	3,872,574
Discoveries/additional listings:					
Current year taxes, City wide	233,934,502	0.48	1,122,886	1,122,886	-
Current year taxes, MSD	849,326	0.23	1,953	1,953	-
Current year's rate, Motor vehicles	13,260	0.48	2,978	-	2,978
Abatements:					
Current year's rate, City wide	(52,510,183)	0.48	(252,050)	(252,050)	-
Current year's rate, MSD	(1,935)	0.23	(4)	(4)	-
Current year's rate, Motor vehicles	-	0.48	-	-	-
Total for year	\$ 9,953,478,963		47,667,548	43,791,996	3,875,552
Less uncollected tax at June 30, 2016			757,813	757,813	-
Current year's taxes collected			\$ 46,909,735	\$ 43,034,183	\$ 3,875,552
Current levy collection percentage			98.41%	98.27%	100.00%
Distribution of levy:					
General Fund			\$ 47,564,473		
Municipal Service District			103,075		
			\$ 47,667,548		

SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2016

	Reported Value	Fair Value
Cash		
On hand	\$ 14,850	\$ 14,850
Demand deposits	25,717,167	25,717,167
Certificates of deposit	7,563,711	7,563,711
Total cash	33,295,728	33,295,728
Investments		
North Carolina Capital Management Trust	9,259,250	9,259,250
Federal Farm Credit	10,003,655	10,003,655
FNMA Discount Notes	40,819,164	40,819,164
Federal Home Loan	40,070,620	40,070,620
Federal Home Loan Mortgage Corporation	66,085,174	66,085,174
Commercial Paper	62,409,652	62,583,183
Total investments	228,647,515	228,821,046
Total cash and investments	\$ 261,943,243	\$ 262,116,774
Distribution by Fund		
General Fund:		
Unrestricted	\$ 56,922,974	
Restricted	8,433,597	\$ 65,356,571
Special Revenue Funds (Unrestricted):		
Housing Assistance Fund		79,672
Section 108 Loan/BEDI Grant Fund		257,873
Home Fund		162,433
Municipal Service District		2,123
Capital Project Funds:		
Parks (Unrestricted)		885,207
Transportation (Unrestricted)		13,401,100
General Fund Capital Project Fund (Restricted)		689,244
General Fund Capital Reserve Project Fund (Restricted)		26,285,848
Fire and Life Safety (Unrestricted)		280,099

(Continued)

SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2016

Distribution by Fund (Continued)		
Enterprise Funds:		
Electric Fund:		
Unrestricted	\$ 58,622,744	
Restricted	3,339,343	\$ 61,962,087
Water Fund:		
Unrestricted	48,265,983	
Restricted	2,025,573	50,291,556
Wastewater Fund:		
Unrestricted	16,553,236	
Restricted	2,236,465	18,789,701
Regional Airport Fund:		
Unrestricted	997,227	
Restricted	4,043,677	5,040,904
		11,899,276
Stormwater Fund (Unrestricted)		
		11,899,276
Housing Department Fund:		
Unrestricted	621,077	
Restricted	39,961	661,038
Internal Service Fund:		
Unrestricted	1,963,777	
Restricted	316,938	2,280,715
		1,054,550
Other Postemployment Benefit Trust Fund		
		1,054,550
Agency Fund		
		2,563,246
Total reported value		<u><u>\$ 261,943,243</u></u>

SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING PROGRAMS
Year Ended June 30, 2016

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872	Family Self Sufficiency 14.896
Assets:					
Current Assets:					
Cash:					
111	Cash - unrestricted	\$ 609,318	\$ 54,422	\$ -	\$ -
113	Cash - other restricted	30,760	15,918	-	-
114	Cash - tenant security deposits	39,961	-	-	-
115	Cash - restricted for payment of current liabilities	8,141	9,368	-	-
100	Total cash	688,180	79,708	-	-
Accounts and notes receivable:					
121	Accounts receivable - PHA projects	-	5,714	-	-
122	Accounts receivable - HUD other projects	-	1,993	-	-
125	Accounts receivable - miscellaneous	371	-	-	-
126	Accounts receivable - tenants - dwelling units	6,154	-	-	-
126.1	Allowance for doubtful accounts - dwelling rents	(3,016)	-	-	-
127	Notes, loans, and mortgages receivable - current	-	-	-	-
129	Accrued interest receivable	1,818	330	-	-
120	Total receivables	5,327	8,037	-	-
142	Prepaid expenses and other assets	122	-	-	-
143	Inventories	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-
150	Total current assets	693,629	87,745	-	-
Noncurrent Assets:					
161	Land	577,382	-	-	-
162	Buildings	2,966,182	-	-	-
164	Furniture, equipment, machinery - administration	119,961	-	-	-
165	Leasehold improvements	25,391	-	-	-
166	Accumulated depreciation	(1,780,680)	-	-	-
167	Construction in progress	-	-	-	-
180	Total non-current assets	1,908,236	-	-	-
190	Total Assets	2,601,865	87,745	-	-
200	Deferred Outflow of Resources	40,986	-	-	-
290	Total Assets and Deferred Outflow of Resources	\$ 2,642,851	\$ 87,745	\$ -	\$ -
Liabilities and Equity:					
Liabilities:					
Current Liabilities:					
312	Accounts payable (less than or equal to 90 days)	\$ 19,773	\$ 29,903	\$ -	\$ -
321	Accrued wage/payroll taxes payable	11,749	6,614	-	-
322	Accrued compensated absences	30,246	2,307	-	-
341	Tenant security deposits	39,961	-	-	-
342	Unearned revenue	-	-	-	-
343	Current portion of long-term debt - capital projects/mortgage rev bonds	56,181	-	-	-
345	Other current liabilities	8,141	9,368	-	-
310	Total current liabilities	166,051	48,192	-	-
Non-current Liabilities:					
351	Long-term debt, net of current - capital projects/mortgage revenue	223,714	-	-	-
353	Non-current liabilities - other	30,760	15,918	-	-
354	Accrued compensated absences - non current	12,354	942	-	-
357	Accrued pension and OPEB liabilities	245,944	-	-	-
350	Total non-current liabilities	512,772	16,860	-	-
300	Total liabilities	678,823	65,052	-	-
400	Deferred Inflow of Resources	17,474	-	-	-
Equity:					
Contributed Capital:					
508.1	Invested in capital assets, net of related debt	1,628,341	-	-	-
511.4	Restricted net position	-	-	-	-
512.4	Unrestricted net position	318,213	22,693	-	-
513	Total equity	1,946,554	22,693	-	-
600	Total liabilities, deferred inflows of resources and equity	\$ 2,642,851	\$ 87,745	\$ -	\$ -

(Continued)

SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING PROGRAMS
Year Ended June 30, 2016

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872	Family Self Sufficiency 14.896
Revenues:					
70300	Net tenant rental revenue	\$ 380,300	\$ -	\$ -	\$ -
70400	Tenant revenue - other	84,160	-	-	-
70600	HUD PHA operating grants	785,992	3,303,433	315,870	43,136
70610	Capital grants	-	-	47,883	-
71100	Investment income - unrestricted	5,312	573	-	-
71400	Fraud recovery	-	5,840	-	-
71500	Other income	978	754,822	-	-
71600	Gain or loss on sale of capital assets	-	-	-	-
72000	Investment income - restricted	-	-	-	-
70000	Total revenues	1,256,742	4,064,668	363,753	43,136
Expenses:					
Administrative:					
91100	Administrative salaries	167,789	163,452	-	-
91200	Auditing fees	342	1,417	-	-
91500	Employee benefit contributions	70,810	50,844	-	-
91600	Office expenses	108,363	41,306	-	-
91800	Travel	8,129	2,368	-	-
91900	Other	57,920	10,445	-	-
92100	Tenant services - salaries	31,376	-	-	10,501
92300	Tenant services - employee benefit contributions	13,470	-	-	2,104
92400	Tenant services - other	83,025	-	-	30,531
93100	Water	45,621	-	-	-
93200	Electricity	88,398	-	-	-
93300	Gas	49,316	-	-	-
93600	Sewer	47,082	-	-	-
93800	Other utility expense	9,050	-	-	-
94100	Ordinary maintenance and operations - labor	141,495	23,952	-	-
94200	Ordinary maintenance and operations - materials and other	121,966	-	-	-
94300	Ordinary maintenance and operations - contract costs	325,787	-	-	-
94500	Ordinary maintenance and operations - employee benefit contributions	53,597	9,980	-	-
96100	Insurance premiums	19,839	-	-	-
96200	Other general expense	30,251	3,865	-	-
96210	Compensated absences	19,360	2,439	-	-
96400	Bad debt - tenant rents	20,944	-	-	-
96720	Interest on notes payable (short and long term)	1,451	-	-	-
96900	Total operating expenses	1,515,381	310,068	-	43,136
97000	Excess of operating revenues over expenditures	(258,639)	3,754,600	363,753	-
97100	Extraordinary maintenance	57,194	-	-	-
97300	Housing assistance payments	-	3,129,587	-	-
97350	HAP portability-in	-	702,678	-	-
97400	Depreciation expense	119,803	-	-	-
90000	Total expenses	1,692,378	4,142,333	-	43,136
10010	Operating transfer in	315,870	-	-	-
10020	Operating transfer out	-	-	(315,870)	-
10030	Operating transfers from/to primary government	(25,337)	-	-	-
10000	Excess of revenue over expenses	(145,103)	(77,665)	47,883	-
11020	Required Annual Debt Principal Payments	47,883	-	-	-
11030	Beginning equity	2,043,776	100,358	-	-
11040	Prior period adjustments, equity transfers & correction of errors	47,881	-	(47,883)	-
	Ending equity	\$ 1,946,554	\$ 22,693	\$ -	\$ -
Memo information:					
11170	Administrative fee equity	-	22,693	-	-
11180	Housing assistance payments equity	-	-	-	-
11190	Unit months available	2,064	6,492	-	-
11210	Number of unit months leased	1,996	5,156	-	-
11270	Excess cash	370,415	-	-	-
11620	Building purchases	182,687	-	47,883	-
11640	Furniture & equipment - administrative purchases	-	-	-	-
11650	Leasehold improvement purchases	-	-	-	-

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS
June 30, 2016

	July 1, 2015	Increases	Decreases	Transfers	June 30, 2016
Electric Fund					
Capital assets, not being depreciated:					
Land	\$ 1,172,514	\$ -	\$ -	\$ -	\$ 1,172,514
Construction in progress	5,618,052	3,013,926	5,616,415	-	3,015,563
Total capital assets, not being depreciated	6,790,566	3,013,926	5,616,415	-	4,188,077
Capital assets, being depreciated:					
Buildings	5,608,551	12,125	-	-	5,620,676
Improvements other than buildings	116,030,563	5,651,830	188,799	-	121,493,594
Machinery and equipment	8,456,036	1,614,220	512,105	(30,149)	9,528,002
Total capital assets, being depreciated	130,095,150	7,278,175	700,904	(30,149)	136,642,272
Accumulated depreciation:					
Buildings	2,248,075	156,416	-	-	2,404,491
Improvements other than buildings	62,927,900	3,512,967	188,799	-	66,252,068
Machinery and equipment	6,668,671	610,918	489,628	(30,149)	6,759,812
Total accumulated depreciation	71,844,646	4,280,301	678,427	(30,149)	75,416,371
Total capital assets, being depreciated, net	58,250,504	2,997,874	22,477	-	61,225,901
Electric Fund capital assets, net	\$ 65,041,070	\$ 6,011,800	\$ 5,638,892	\$ -	\$ 65,413,978
Water Fund					
Capital assets, not being depreciated:					
Land	\$ 814,060	\$ 269,454	\$ -	\$ -	\$ 1,083,514
Construction in progress	7,030,302	1,438,056	6,725,437	-	1,742,921
Total capital assets, not being depreciated	7,844,362	1,707,510	6,725,437	-	2,826,435
Capital assets, being depreciated:					
Buildings	15,169,384	14,875	-	-	15,184,259
Improvements other than buildings	120,806,864	11,974,516	-	-	132,781,380
Machinery and equipment	2,826,820	197,062	201,568	31,848	2,854,162
Total capital assets, being depreciated	138,803,068	12,186,453	201,568	31,848	150,819,801
Accumulated depreciation:					
Buildings	4,320,809	494,781	-	-	4,815,590
Improvements other than buildings	52,737,624	3,226,827	-	-	55,964,451
Machinery and equipment	2,361,478	154,444	201,568	31,848	2,346,202
Total accumulated depreciation	59,419,911	3,876,052	201,568	31,848	63,126,243
Total capital assets, being depreciated, net	79,383,157	8,310,401	-	-	87,693,558
Water Fund capital assets, net	\$ 87,227,519	\$ 10,017,911	\$ 6,725,437	\$ -	\$ 90,519,993

(Continued)

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)
June 30, 2016

	July 1, 2015	Increases	Decreases	Transfers	June 30, 2016
Wastewater Fund					
Capital assets, not being depreciated:					
Land	\$ 1,065,402	\$ -	\$ -	\$ -	\$ 1,065,402
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	1,065,402	-	-	-	1,065,402
Capital assets, being depreciated:					
Buildings	1,920,754	-	-	-	1,920,754
Improvements other than buildings	110,583,978	3,203,273	-	-	113,787,251
Machinery and equipment	2,526,715	398,095	235,861	-	2,688,949
Total capital assets, being depreciated	115,031,447	3,601,368	235,861	-	118,396,954
Accumulated depreciation:					
Buildings	671,533	50,278	-	-	721,811
Improvements other than buildings	39,262,324	2,887,422	-	-	42,149,746
Machinery and equipment	2,013,604	200,847	235,861	-	1,978,590
Total accumulated depreciation	41,947,461	3,138,547	235,861	-	44,850,147
Total capital assets, being depreciated, net	73,083,986	462,821	-	-	73,546,807
Wastewater Fund capital assets, net	\$ 74,149,388	\$ 462,821	\$ -	\$ -	\$ 74,612,209
Regional Airport Fund					
Capital assets, not being depreciated:					
Land	\$ 26,236,458	\$ -	\$ -	\$ -	\$ 26,236,458
Construction in progress	8,466,945	9,138,286	7,934,013	-	9,671,218
Total capital assets, not being depreciated	34,703,403	9,138,286	7,934,013	-	35,907,676
Capital assets, being depreciated:					
Buildings	23,848,366	-	-	-	23,848,366
Improvements other than buildings	36,316,743	10,936,696	-	-	47,253,439
Machinery and equipment	2,510,501	100,127	83,375	91,945	2,619,198
Total capital assets, being depreciated	62,675,610	11,036,823	83,375	91,945	73,721,003
Accumulated depreciation:					
Buildings	10,233,363	860,538	-	-	11,093,901
Improvements other than buildings	11,401,655	1,444,073	-	-	12,845,728
Machinery and equipment	1,667,704	148,241	83,375	91,945	1,824,515
Total accumulated depreciation	23,302,722	2,452,852	83,375	91,945	25,764,144
Total capital assets, being depreciated, net	39,372,888	8,583,971	-	-	47,956,859
Regional Airport Fund capital assets, net	\$ 74,076,291	\$ 17,722,257	\$ 7,934,013	\$ -	\$ 83,864,535

(Continued)

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)
June 30, 2016

	July 1, 2015	Increases	Decreases	Transfers	June 30, 2016
Stormwater Fund					
Capital assets, not being depreciated:					
Land	\$ 114,282	\$ -	\$ -	\$ -	\$ 114,282
Construction in progress	192,034	326,001	-	-	518,035
Total capital assets, not being depreciated	<u>306,316</u>	<u>326,001</u>	<u>-</u>	<u>-</u>	<u>632,317</u>
Capital assets, being depreciated:					
Buildings	76,509	-	-	-	76,509
Improvements other than buildings	55,769,057	433,313	-	-	56,202,370
Machinery and equipment	2,022,125	-	-	-	2,022,125
Total capital assets, being depreciated	<u>57,867,691</u>	<u>433,313</u>	<u>-</u>	<u>-</u>	<u>58,301,004</u>
Accumulated depreciation:					
Buildings	16,063	2,891	-	-	18,954
Improvements other than buildings	14,073,879	1,524,529	-	-	15,598,408
Machinery and equipment	1,331,327	171,414	-	-	1,502,741
Total accumulated depreciation	<u>15,421,269</u>	<u>1,698,834</u>	<u>-</u>	<u>-</u>	<u>17,120,103</u>
Total capital assets, being depreciated, net	<u>42,446,422</u>	<u>(1,265,521)</u>	<u>-</u>	<u>-</u>	<u>41,180,901</u>
Stormwater Fund capital assets, net	<u>\$ 42,752,738</u>	<u>\$ (939,520)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,813,218</u>
Nonmajor Enterprise Funds and Internal Service Fund					
Capital assets, not being depreciated:					
Land	\$ 11,209,318	\$ -	\$ -	\$ -	\$ 11,209,318
Construction in progress	3,781,714	-	3,781,714	-	-
Total capital assets, not being depreciated	<u>14,991,032</u>	<u>-</u>	<u>3,781,714</u>	<u>-</u>	<u>11,209,318</u>
Capital assets, being depreciated:					
Buildings	12,468,989	5,910,119	514,667	-	17,864,441
Improvements other than buildings	878,892	-	-	-	878,892
Machinery and equipment	11,098,032	479,214	181,360	24,789	11,420,675
Total capital assets, being depreciated	<u>24,445,913</u>	<u>6,389,333</u>	<u>696,027</u>	<u>24,789</u>	<u>30,164,008</u>
Accumulated depreciation:					
Buildings	5,502,230	606,445	443,771	-	5,664,904
Improvements other than buildings	323,233	50,199	-	-	373,432
Machinery and equipment	5,425,377	1,320,939	181,360	24,789	6,589,745
Total accumulated depreciation	<u>11,250,840</u>	<u>1,977,583</u>	<u>625,131</u>	<u>24,789</u>	<u>12,628,081</u>
Total capital assets, being depreciated, net	<u>13,195,073</u>	<u>4,411,750</u>	<u>70,896</u>	<u>-</u>	<u>17,535,927</u>
Nonmajor Enterprise Funds capital assets, net	<u>\$ 28,186,105</u>	<u>\$ 4,411,750</u>	<u>\$ 3,852,610</u>	<u>\$ -</u>	<u>\$ 28,745,245</u>
Business-type activities capital assets, net	<u>\$371,433,111</u>	<u>\$37,687,019</u>	<u>\$24,150,952</u>	<u>\$ -</u>	<u>\$384,969,178</u>

SCHEDULE OF BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

June 30, 2016

	July 1, 2015	Increases	Decreases	June 30, 2016	Current Maturities
Electric Fund					
Revenue bonds	\$ 21,806,429	\$ 7,189,320	\$ 9,874,795	\$ 19,120,954	\$ 2,110,495
Plus premium on revenue bonds	546,415	1,529,793	76,079	2,000,129	-
Compensated absences	361,635	291,363	305,530	347,468	246,702
Net pension liability (LGERS)	-	256,101	-	256,101	-
OPEB liability	1,060,191	66,828	-	1,127,019	-
Electric Fund long-term debt	\$ 23,774,670	\$ 9,333,405	\$ 10,256,404	\$ 22,851,671	\$ 2,357,197
Water Fund					
Revenue bonds	\$ 34,146,925	\$ 9,046,290	\$ 12,895,565	\$ 30,297,650	\$ 3,136,568
Plus premium on revenue bonds	1,500,804	1,924,932	161,062	3,264,674	-
Compensated absences	253,227	245,211	215,632	282,806	200,793
Net pension liability (LGERS)	-	241,570	-	241,570	-
OPEB liability	891,451	62,572	-	954,023	-
Water Fund long-term debt	\$ 36,792,407	\$ 11,520,575	\$ 13,272,259	\$ 35,040,723	\$ 3,337,361
Wastewater Fund					
Revenue bonds	\$ 18,048,708	\$ 2,849,391	\$ 5,156,243	\$ 15,741,856	\$ 2,110,807
Plus premium on revenue bonds	229,264	606,313	40,065	795,512	-
Compensated absences	88,604	95,341	97,880	86,065	61,106
Net pension liability (LGERS)	-	113,571	-	113,571	-
OPEB liability	283,350	29,339	-	312,689	-
Wastewater Fund long-term debt	\$ 18,649,926	\$ 3,693,955	\$ 5,294,188	\$ 17,049,693	\$ 2,171,913
Regional Airport Fund					
Installment purchase	\$ 6,837,500	\$ 5,759,000	\$ 602,500	\$ 11,994,000	\$ 952,500
Installment notes	1,162,700	-	204,600	958,100	199,100
Plus premium on LOBs	63,525	-	10,164	53,361	-
Compensated absences	102,171	80,545	76,521	106,195	75,398
Net pension liability (LGERS)	-	139,284	-	139,284	-
OPEB liability	368,390	33,867	-	402,257	-
Regional Airport Fund long-term debt	\$ 8,534,286	\$ 6,012,696	\$ 893,785	\$ 13,653,197	\$ 1,226,998
Stormwater Fund					
Compensated absences	\$ 69,782	\$ 83,404	\$ 86,211	\$ 66,975	\$ 47,553
Net pension liability (LGERS)	-	92,800	-	92,800	-
OPEB liability	172,273	21,371	-	193,644	-
Stormwater Fund long-term debt	\$ 242,055	\$ 197,575	\$ 86,211	\$ 353,419	\$ 47,553
Nonmajor Enterprise Funds and Internal Service Fund					
Installment notes	\$ 11,531,575	\$ -	\$ 1,057,350	\$ 10,474,225	\$ 1,068,650
Plus premium on LOBs	917,201	-	101,096	816,105	-
Compensated absences	450,983	371,635	380,975	441,643	313,568
Net pension liability (LGERS)	-	487,054	-	487,054	-
OPEB liability	2,082,191	124,241	-	2,206,432	-
Nonmajor Enterprise Funds long-term debt	\$ 14,981,950	\$ 982,930	\$ 1,539,421	\$ 14,425,459	\$ 1,382,218
Business-type activities long-term debt	\$ 102,975,294	\$ 31,741,136	\$ 31,342,268	\$ 103,374,162	\$ 10,523,240

Statistical Section

This part of the City of Concord's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

	<u>Page</u>
Financial Trends These tables contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	162
Revenue Capacity These tables contain information to help the reader assess the factors affecting the city's ability to generate its electric revenues and property taxes.	167
Debt Capacity These tables present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	174
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	179
Operating Information These tables contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	181

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$269,225,599	\$299,422,732	\$299,238,599	\$285,243,071	\$280,799,254	\$268,758,293	\$260,979,309	\$279,817,761	\$303,629,133	\$299,048,429
Restricted	1,732,787	2,000,450	1,716,091	1,710,932	17,123,716	15,197,259	15,054,357	21,976,987	21,213,966	16,700,634
Unrestricted	47,184,219	52,092,724	55,488,182	62,723,954	50,007,074	53,887,440	59,614,980	54,435,103	61,910,544	76,521,941
Total governmental activities net position	\$318,142,605	\$353,515,906	\$356,442,872	\$349,677,957	\$347,930,044	\$337,842,992	\$335,648,646	\$356,229,851	\$386,753,643	\$392,271,004
Business-type activities										
Net investment in capital assets	\$224,285,478	\$247,374,035	\$232,711,487	\$243,365,138	\$249,883,977	\$253,341,005	\$258,370,354	\$273,797,482	\$279,995,482	\$297,636,341
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	59,665,695	55,299,614	79,999,678	90,837,386	99,653,376	116,159,507	123,703,593	130,036,600	144,548,886	164,225,843
Total business-type activities net position	\$283,951,173	\$302,673,649	\$312,711,165	\$334,202,524	\$349,537,353	\$369,500,512	\$382,073,947	\$403,834,082	\$424,544,368	\$461,862,184
Primary government										
Net investment in capital assets	\$493,511,077	\$546,796,767	\$531,950,086	\$528,608,209	\$530,683,231	\$522,099,298	\$519,349,663	\$553,615,243	\$583,624,615	\$596,684,770
Restricted	1,732,787	2,000,450	1,716,091	1,710,932	17,123,716	15,197,259	15,054,357	21,976,987	21,213,966	16,700,634
Unrestricted	106,849,914	107,392,338	135,487,860	153,561,340	149,660,450	170,046,947	183,318,573	184,471,703	206,459,430	240,747,784
Total primary government activities net position	\$602,093,778	\$656,189,555	\$669,154,037	\$683,880,481	\$697,467,397	\$707,343,504	\$717,722,593	\$760,063,933	\$811,298,011	\$854,133,188

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 4,240,566	\$ 3,217,768	\$ 3,603,395	\$ 4,354,769	\$ 4,439,667	\$ 4,996,198	\$ 4,494,000	\$ 5,195,490	\$ 4,691,595	\$ 5,051,753
Public safety	25,711,447	29,389,987	32,327,159	33,333,315	34,818,159	35,378,939	35,643,640	36,879,444	36,851,383	37,306,072
Public works	28,358,904	30,592,926	31,815,013	33,362,313	31,612,314	28,875,757	28,865,813	29,664,081	28,327,081	29,415,487
Cultural & recreational	4,097,842	4,263,979	4,356,816	4,287,048	4,233,575	4,299,687	4,771,467	4,685,065	4,662,500	4,691,129
Planning & community development	2,214,193	2,612,748	2,516,223	2,840,033	3,096,020	5,373,310	3,854,751	3,186,781	3,037,830	3,320,039
Administration	444,287	526,464	557,556	656,431	784,000	856,103	649,716	1,036,472	2,076,215	2,010,137
Housing assistance Payments	3,081,332	3,251,666	3,351,185	3,119,188	3,344,522	3,698,736	4,258,426	4,279,279	4,127,317	3,832,265
Rehabilitation	2,529,418	1,586,145	680,796	553,868	1,053,446	3,227,906	554,455	568,412	214,316	1,072,157
Interest on long-term debt	1,760,202	1,815,914	1,847,213	1,773,371	1,508,832	1,005,570	1,032,636	1,002,581	1,435,986	1,262,457
Total governmental activities expenses	72,438,191	77,257,597	81,055,356	84,280,336	84,890,535	87,712,206	84,124,904	86,497,605	85,424,223	87,961,496
Business-type activities:										
Electric	54,551,657	57,480,622	63,073,567	63,797,452	69,740,487	66,381,454	74,356,658	75,116,682	70,822,661	67,070,451
Water	14,559,911	16,915,149	15,692,404	15,550,286	15,618,503	15,377,435	15,211,584	16,135,531	18,869,903	15,925,133
Wastewater	12,598,417	13,381,789	14,205,883	13,507,142	13,802,561	13,905,343	13,668,630	14,182,892	13,947,646	15,533,505
Regional airport	9,948,799	13,106,629	10,668,036	10,023,077	11,432,960	11,908,265	11,477,819	11,766,345	10,060,171	9,190,615
Stormwater	3,097,290	3,613,613	3,879,657	3,946,044	3,729,861	3,731,359	3,744,547	3,783,127	3,664,112	4,000,529
Other non major business-type	5,827,627	5,842,740	6,403,396	5,856,696	6,349,265	6,477,130	7,052,787	7,843,103	8,003,215	7,965,726
Total business-type activities expenses	100,583,701	110,340,542	113,922,943	112,680,697	120,673,637	117,780,986	125,512,025	128,827,680	125,367,708	119,685,959
Total primary government expenses	\$173,021,892	\$187,598,139	\$194,978,299	\$196,961,033	\$205,564,172	\$205,493,192	\$209,636,929	\$215,325,285	\$210,791,931	\$207,647,455
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,957,522	\$ 1,851,370	\$ 1,752,112	\$ 1,593,175	\$ 1,527,420	\$ 1,710,506	\$ 1,724,338	\$ 2,047,645	\$ 1,816,245	\$ 979,503
Public safety	717,881	925,384	706,749	739,461	622,544	749,902	612,622	834,822	1,394,849	1,346,713
Public works	-	-	-	-	-	-	335,140	651,378	391,750	381,028
Cultural and recreational	266,775	268,988	352,470	251,425	266,110	265,249	290,561	294,687	356,987	326,091
Planning and community development	890,214	1,247,480	853,001	1,316,731	2,025,498	2,063,363	1,936,408	1,908,627	2,090,776	2,040,391
Housing assistance	14,085	4,438	3,055	4,046	3,009	-	745,975	981,520	1,197,220	749,463
Rehabilitation	858,730	1,327,157	816,778	654,957	660,865	396,514	395,125	614,844	503,318	582,108
Operating grants and contributions	6,735,548	7,589,562	6,772,165	8,039,500	8,361,322	10,099,206	8,667,106	7,707,977	7,336,269	7,174,344
Capital grants and contributions	13,875,367	45,810,044	12,178,471	4,399,871	9,750,000	3,307,835	8,533,706	31,991,743	34,238,961	11,034,946
Total government activities program revenues	25,316,122	59,024,423	23,434,801	16,999,166	23,216,768	18,592,575	23,240,981	47,033,243	49,326,375	24,614,587

(Continued)

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services										
Electric	\$ 57,784,175	\$ 61,920,483	\$ 61,902,700	\$ 69,955,857	\$ 74,971,026	\$ 78,948,101	\$ 81,194,498	\$ 80,753,191	\$ 81,118,401	\$ 82,086,937
Water	19,484,661	18,692,941	17,491,941	19,272,961	19,105,584	19,856,057	19,443,009	19,829,445	21,517,196	22,941,925
Wastewater	13,824,857	13,478,931	12,903,815	13,773,878	14,384,621	14,772,364	14,683,027	15,075,545	16,167,934	17,651,022
Regional airport	9,329,042	11,406,644	9,911,053	8,092,461	9,124,603	9,809,448	9,807,609	10,272,804	8,612,280	7,663,481
Stormwater	3,140,958	3,325,017	3,489,201	3,989,017	3,730,742	3,714,155	3,778,496	3,796,150	3,896,251	3,965,529
Other non major business-type	2,487,179	2,386,692	1,907,614	1,720,911	1,943,291	1,891,193	1,909,781	2,489,490	2,344,438	2,303,380
Operating grants and contributions	2,804,136	2,934,222	3,191,973	5,178,504	4,252,712	3,148,598	3,152,858	7,764,200	3,301,773	2,084,934
Capital grants and contributions	9,735,545	8,199,207	7,721,792	8,497,858	5,026,770	1,591,427	5,488,658	9,201,434	5,895,701	13,936,032
Total business-type activities program revenues	118,590,553	122,344,137	118,520,089	130,481,447	132,539,349	133,731,343	139,457,936	149,182,259	142,853,974	152,633,240
Total primary government program revenue	\$143,906,675	\$181,368,560	\$141,954,890	\$147,480,613	\$155,756,117	\$152,323,918	\$162,698,917	\$196,215,502	\$192,180,349	\$177,247,827
Net (Expenses)/Revenue										
Governmental activities	\$(47,122,069)	\$(18,233,174)	\$(57,620,555)	\$(67,281,170)	\$(61,673,767)	\$(69,119,631)	\$(60,883,923)	\$(39,464,362)	\$(36,097,848)	\$(63,346,909)
Business-type activities	18,006,852	12,003,595	4,597,146	17,800,750	11,865,712	15,950,357	13,945,911	20,354,579	17,486,266	32,947,281
Total primary government net expense	\$(29,115,217)	\$(6,229,579)	\$(53,023,409)	\$(49,480,420)	\$(49,808,055)	\$(53,169,274)	\$(46,938,012)	\$(19,109,783)	\$(18,611,582)	\$(30,399,628)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Ad Valorem taxes	\$ 34,049,377	\$ 37,881,901	\$ 44,094,142	\$ 45,363,018	\$ 44,236,917	\$ 43,163,621	\$ 43,549,135	\$ 46,423,570	\$ 46,125,496	\$ 47,573,304
Other taxes	13,034,399	13,899,527	13,390,448	12,567,428	12,226,782	13,366,521	14,046,489	14,042,681	16,917,828	16,191,844
Operating grants and contributions	2,607,041	2,745,792	3,237,013	2,642,020	3,159,222	2,880,377	3,155,697	3,142,852	3,932,956	5,100,371
Investment earnings	2,318,298	2,439,936	1,385,206	1,322,057	1,022,184	730,032	(281,947)	1,260,653	640,669	1,032,220
Miscellaneous gain (loss)	2,327,114	646,073	1,230,921	761,842	936,229	876,108	926,090	996,503	954,545	1,097,241
Transfers	(2,813,666)	(4,006,754)	(2,790,209)	(2,140,110)	(1,655,480)	(1,984,080)	(2,429,308)	(1,713,823)	(1,949,854)	(2,130,710)
Total governmental activities	51,522,563	53,606,475	60,547,521	60,516,255	59,925,854	59,032,579	58,966,156	64,152,436	66,621,640	68,864,270
Business-type activities										
Investment earnings	2,630,486	2,648,596	2,467,828	1,571,516	1,396,578	1,206,493	(245,850)	1,669,623	1,001,886	1,521,922
Miscellaneous gain (loss)	688,937	63,531	182,333	(21,017)	417,059	402,869	494,871	468,406	272,280	717,903
Transfers	2,813,666	4,006,754	2,790,209	2,140,110	1,655,480	1,984,080	2,429,308	1,713,823	1,949,854	2,130,710
Total business-type activities	6,133,089	6,718,881	5,440,370	3,690,609	3,469,117	3,593,442	2,678,329	3,851,852	3,224,020	4,370,535
Total primary government	\$ 57,655,652	\$ 60,325,356	\$ 65,987,891	\$ 64,206,864	\$ 63,394,971	\$ 62,626,021	\$ 61,644,485	\$ 68,004,288	\$ 69,845,660	\$ 73,234,805
Change in Net Position										
Governmental activities	\$ 4,400,494	\$ 35,373,301	\$ 2,926,966	\$(6,764,915)	\$(1,747,913)	\$(10,087,052)	\$(1,917,767)	\$ 24,688,074	\$ 30,523,792	\$ 5,517,361
Business-type activities	24,139,941	18,722,476	10,037,516	21,491,359	15,334,829	19,543,799	16,624,240	24,206,431	20,710,286	37,317,816
Total primary government	\$ 28,540,435	\$ 54,095,777	\$ 12,964,482	\$ 14,726,444	\$ 13,586,916	\$ 9,456,747	\$ 14,706,473	\$ 48,894,505	\$ 51,234,078	\$ 42,835,177

**FUND BALANCES, GOVERNMENTAL FUNDS,
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable	\$ 77,207	\$ 82,097	\$ 128,476	\$ 128,127	\$ 109,186	\$ 91,095	\$ 69,260	178,322	\$ 166,024	\$ 174,692
Restricted	14,173,093	15,500,611	13,577,559	13,436,085	15,998,293	14,140,696	14,490,359	20,037,416	19,459,163	16,012,423
Assigned	2,500,000	-	1,500,000	-	-	-	-	-	-	-
Unassigned	25,463,521	31,263,025	37,301,067	37,504,311	36,921,449	43,248,336	40,600,448	37,663,790	50,118,453	52,968,474
Total General Fund	<u>\$42,213,821</u>	<u>\$46,845,733</u>	<u>\$52,507,102</u>	<u>\$51,068,523</u>	<u>\$53,028,928</u>	<u>\$57,480,127</u>	<u>\$55,160,067</u>	<u>\$57,879,528</u>	<u>\$69,743,640</u>	<u>\$69,155,589</u>
All Other Governmental funds										
Restricted	\$ 2,451,186	\$ 380,095	\$ 1,166,853	\$ 606,815	\$ 1,016,237	\$ 965,468	\$ 494,738	\$ 1,761,249	\$ 1,588,779	\$ 513,519
Committed	2,969,987	9,211,002	9,129,724	17,321,294	17,156,767	13,452,847	16,733,371	20,189,379	17,164,075	26,658,640
Assigned	3,143,818	7,204,539	5,556,958	6,964,454	9,839,140	11,925,525	18,389,986	17,935,054	19,181,632	14,795,995
Unassigned	(2,877,789)	(4,368,446)	(4,627,540)	(3,978,046)	(4,767,945)	(4,072,385)	(3,983,924)	(3,968,089)	(619,797)	(127,780)
Total all other governmental funds	<u>\$ 5,687,202</u>	<u>\$12,427,190</u>	<u>\$11,225,995</u>	<u>\$20,914,517</u>	<u>\$23,244,199</u>	<u>\$22,271,455</u>	<u>\$31,634,171</u>	<u>\$35,917,593</u>	<u>\$37,314,689</u>	<u>\$41,840,374</u>

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 34,215,412	\$ 37,911,743	\$ 43,689,541	\$ 44,974,492	\$ 44,213,325	\$ 43,091,490	\$ 43,345,698	\$ 46,104,178	\$ 45,758,123	\$ 48,134,096
Other taxes	13,034,399	13,899,527	13,390,448	12,567,428	12,226,782	13,366,521	14,046,489	14,042,681	16,917,828	16,191,844
Unrestricted intergovernmental revenues	2,563,097	2,745,792	3,237,013	2,642,020	3,159,222	2,880,377	3,155,697	3,142,852	3,932,956	5,100,371
Restricted intergovernmental revenues	8,301,691	8,416,850	6,870,323	8,161,071	8,534,858	9,713,210	9,005,424	9,373,076	8,667,584	8,079,968
Licenses, fees, and permits	2,124,094	2,055,273	1,912,088	1,755,810	1,650,649	1,873,658	1,885,610	2,210,200	2,004,511	1,289,489
Contributions, net of refunds	-	147,312	-	-	-	-	-	-	-	-
Investment earnings	2,318,298	2,439,936	1,385,206	1,322,057	1,022,184	730,032	(281,947)	1,260,653	640,669	1,032,220
Investment earnings restricted	71,580	82,799	46,022	36,179	26,044	19,323	25,628	16,234	23,385	32,037
Program income	872,815	1,327,157	816,778	654,957	660,865	698,157	1,476,240	2,247,742	2,460,878	1,712,599
Other revenues	3,908,482	2,668,896	2,836,489	2,788,234	3,549,375	3,862,921	3,510,163	3,832,913	4,186,913	3,797,617
Total revenues	67,409,868	71,695,285	74,183,908	74,902,248	75,043,304	76,235,689	76,169,002	82,230,529	84,592,847	85,370,241
Expenditures										
General government	2,854,944	3,021,404	3,393,127	4,215,552	4,511,799	4,563,849	4,077,954	4,802,271	4,857,917	4,420,117
Public safety	24,200,346	25,995,498	28,388,096	29,472,135	30,708,135	31,353,312	31,688,874	32,950,943	34,244,381	34,797,980
Public works	9,271,991	9,804,616	11,578,500	11,422,287	12,807,858	10,215,647	10,493,535	11,854,052	10,463,847	10,956,118
Cultural and recreational	3,900,738	3,870,407	3,948,833	3,839,337	3,803,036	3,956,149	4,399,504	4,310,686	4,335,081	4,325,132
Planning and community development	2,194,719	2,540,302	2,346,714	2,780,589	3,005,580	5,312,219	3,792,770	3,124,932	3,007,670	3,270,248
Administration	444,287	526,464	557,556	656,431	784,000	856,103	649,716	1,036,472	2,076,215	2,010,137
Housing assistance payments	3,081,332	3,251,666	3,351,185	3,119,188	3,344,522	3,698,736	4,258,426	4,279,279	4,127,317	3,832,265
Rehabilitation	2,529,418	1,586,145	680,796	553,868	1,053,446	3,227,906	554,455	568,412	214,316	1,072,157
Professional services	-	-	-	-	-	-	-	-	-	-
Capital outlay	6,313,426	6,955,436	6,708,441	3,432,237	3,641,809	3,998,026	3,522,859	7,463,803	17,688,922	10,698,997
Debt service										
Interest	560,949	1,815,914	1,847,213	1,779,766	1,542,254	1,048,001	1,075,067	1,045,012	1,233,584	1,408,299
Principal	5,296,127	4,322,779	4,830,733	3,512,055	4,064,454	2,273,244	2,183,878	2,077,961	1,477,547	2,510,447
Total expenditures	60,648,277	63,690,631	67,631,194	64,783,445	69,266,893	70,503,192	66,697,038	73,513,823	83,726,797	79,301,897
Excess of revenues over (under) expenditures	6,761,591	8,004,654	6,552,714	10,118,803	5,776,411	5,732,497	9,471,964	8,716,706	866,050	6,068,344
Other Financing Sources (Uses)										
Proceeds of installment purchase contracts	900,936	5,400,000	-	-	-	-	-	-	-	-
Debt issued	-	1,974,000	704,487	-	-	-	-	-	15,208,806	-
Loss on refunding	-	-	(6,818)	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	2,721,512	7,203,300	-	-	-	8,895,000	-
Premium on refunding bonds	-	-	-	41,493	396,397	-	-	-	760,844	-
Payment to refunded bonds escrow agent	-	-	-	-	(7,400,939)	-	-	-	(10,519,638)	-
Redemption of refunded bonds	-	-	-	(2,491,755)	-	-	-	-	-	-
Transfers in	8,118,956	10,983,594	8,951,756	17,455,195	14,095,374	8,858,563	16,627,650	12,360,954	22,263,320	20,886,597
Transfers out	(10,932,622)	(14,990,348)	(11,741,965)	(19,595,305)	(15,780,456)	(11,112,605)	(19,056,958)	(14,074,777)	(24,213,174)	(23,017,307)
Total Other Financing Sources (Uses)	(1,912,730)	3,367,246	(2,092,540)	(1,868,860)	(1,486,324)	(2,254,042)	(2,429,308)	(1,713,823)	12,395,158	(2,130,710)
Net change in fund balances	\$ 4,848,861	\$ 11,371,900	\$ 4,460,174	\$ 8,249,943	\$ 4,290,087	\$ 3,478,455	\$ 7,042,656	\$ 7,002,883	\$ 13,261,208	\$ 3,937,634
Debt service as a percentage of non capital expenditures	10.78%	10.82%	10.96%	8.86%	10.04%	4.99%	5.16%	4.73%	4.11%	5.71%

**NUMBER OF ELECTRIC CUSTOMERS BY TYPE,
Last Ten Fiscal Years**

Fiscal Year	Residential	Commercial	Industrial	Total
2007	22,874	3,997	72	26,943
2008	23,441	4,002	71	27,514
2009	23,003	3,846	71	26,920
2010	23,343	3,982	43	27,368
2011	23,450	3,957	40	27,447
2012	23,502	4,107	46	27,655
2013	23,847	4,164	51	28,062
2014	24,327	4,197	52	28,576
2015	24,735	4,276	58	29,069
2016	25,008	4,306	57	29,371

Source: City of Concord Finance and Electric Departments

ELECTRIC RATES
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Residential Customers										
Basic charges	\$ 7.87	\$ 7.87	\$ 8.58	\$ 9.11	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.65
Energy Charges per kWh (July - October)										
First 350	0.070193	0.073572	0.083982	0.880000	0.091331	0.091331	0.091331	0.091331	0.091331	0.097476
Over 350	0.074090	0.072121	0.082401	0.880000	0.091331	0.091331	0.091331	0.091331	0.091331	0.097476
Energy Charges per kWh (November - June)										
First 350	0.070193	0.073572	0.083982	0.880000	0.091331	0.091331	0.091331	0.091331	0.091331	0.097476
Over 350	0.073636	0.064837	0.074461	0.795700	0.082582	0.082582	0.082582	0.082582	0.082582	0.088476
Commercial Customers										
Basic Facilities Charge	10.88	15.75	17.17	17.51	18.20	18.20	18.20	18.20	18.20	18.2
Demand Charge per kW (over 30 kW of billing demand)	3.48	3.27	3.56	3.63	3.77	3.77	3.77	3.77	3.77	3.77
Energy Charge										
First 125 kWh per kW billing demand per month										
First 3,000	0.099095	0.095361	0.107729	0.109884	0.114193	0.114193	0.114193	0.114193	0.114193	0.120344
Next 87,000	0.053336	0.055878	0.064693	0.065987	0.068575	0.068575	0.068575	0.068575	0.068575	0.074726
Over 90,000	0.039782	0.053880	0.062515	0.063765	0.066266	0.066266	0.066266	0.066266	0.066266	0.072417
Next 275 kWh per kW billing demand per month										
First 6,000	0.054639	0.053179	0.061751	0.062986	0.065456	0.065456	0.065456	0.065456	0.065456	0.071607
Next 134,000	0.053425	0.046879	0.054884	0.055982	0.058177	0.058177	0.058177	0.058177	0.058177	0.064328
Over 140,000	0.049521	0.044880	0.052705	0.053759	0.055867	0.055867	0.055867	0.055867	0.055867	0.062018
All over 400 kWh per kW billing demand	0.047148	0.043880	0.051615	0.052647	0.054712	0.054712	0.054712	0.054712	0.054712	0.060813
Industrial Customers										
Basic Facilities Charge	16.35	15.75	17.17	17.86	18.54	18.54	18.54	18.54	18.54	19.30
Demand Charge per kW (over 30 kW of billing demand)	3.45	3.07	3.35	3.48	3.62	3.62	3.62	3.62	3.62	3.8
Energy Charge										
First 125 kWh per kW billing demand per month										
First 3,000	0.097959	0.088579	0.099641	0.103627	0.107612	0.107612	0.107612	0.107612	0.107612	0.115251
Next 87,000	0.054785	0.051467	0.059189	0.061557	0.063924	0.063924	0.063924	0.063924	0.063924	0.070911
Over 90,000	0.039334	0.049590	0.057143	0.059429	0.061714	0.061714	0.061714	0.061714	0.061714	0.069151
Next 275 kWh per kW billing demand per month										
First 140,000	0.050933	0.043008	0.049969	0.051968	0.053967	0.053967	0.053967	0.053967	0.053967	0.060471
Over 140,000	0.046135	0.041129	0.047921	0.049838	0.051755	0.051755	0.051755	0.051755	0.051755	0.058651
All over 400 kWh per kW billing demand	0.044228	0.040189	0.046896	0.048772	0.050648	0.050648	0.050648	0.050648	0.050648	0.056751

Source: City of Concord Finance and Electric Departments

TEN LARGEST ELECTRIC CUSTOMERS,
Current Year and Nine Years Ago

Customer	2016			2007		
	Electric Revenue	Rank	Percentage of Total Electric Revenue	Electric Revenue	Rank	Percentage of Total Electric Revenue
City of Concord	\$ 2,208,174	1	2.69 %	\$ 699,743	6	1.22 %
Concord Mills LLC	1,843,241	2	2.25	1,388,160	1	2.43
Perdue Farms Inc	1,542,528	3	1.88	1,215,520	3	2.13
Cabarrus County Schools	1,531,709	4	1.87	1,085,969	4	1.90
Celgard LLC	1,516,582	5	1.85	-	-	-
Legrand	1,475,957	6	1.80	1,324,912	2	2.32
Water and Sewer Authority of Cabarrus County	1,402,472	7	1.71	-	-	-
S&D Coffee	1,383,475	8	1.69	595,024	8	1.04
Cabarrus Plastics Mfg	1,077,759	9	1.31	510,288	10	0.89
Great Wolf of the Carolinas LLC	754,214	10	0.92	-	-	-
Rocky River Water Treatment Plant	-	-	-	899,826	5	1.57
Northeast Medical Center	-	-	-	673,667	6	1.18
CTC dba Windstream Communications	-	-	-	642,409	7	1.12
Sysco Foods	-	-	-	552,884	9	0.97
Total	<u>\$ 14,736,112</u>		<u>17.97 %</u>	<u>\$ 9,588,402</u>		<u>16.77 %</u>

Source: City of Concord Finance and Electric Departments

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years**

Fiscal Year	Real Property			Personal Property	Public Service Companies	Total Taxable Assessed Value	Direct Tax Rate (3)
	Residential Property (1)	Commercial Property (2)	Industrial Property (2)				
2007	3,221,672,614	1,412,619,284	1,052,816,970	1,801,060,832	98,426,970	7,586,596,670	0.4465
2008	4,475,275,680	1,484,084,314	1,107,189,190	1,245,849,849	98,227,012	8,410,626,045	0.4464
2009	4,809,375,162	2,196,907,577	1,363,626,910	1,271,731,925	106,578,350	9,748,219,924	0.4190
2010	5,758,517,238	2,273,328,224	1,345,874,420	1,223,590,403	104,295,461	10,705,605,746	0.4190
2011	5,487,235,382	2,815,229,000	1,203,378,000	950,770,388	102,087,173	10,558,699,943	0.4190
2012	5,533,750,240	2,523,536,878	1,212,065,051	871,682,129	117,277,340	10,258,311,638	0.4190
2013	5,034,683,767	2,335,914,165	851,422,138	771,628,872	119,353,563	9,113,002,505	0.4788
2014	5,381,821,598	2,325,550,728	847,644,748	988,004,711	130,283,114	9,673,304,899	0.4788
2015	5,488,950,807	2,438,815,784	748,623,832	978,492,143	124,486,420	9,779,368,986	0.4788
2016	5,562,324,699	2,474,039,979	759,436,323	1,033,191,542	124,486,420	9,953,478,963	0.4788

Source: Cabarrus County Tax Office

- (1) Tax Exempt Property is subtracted from Residential and Personal Property
- (2) Commercial and Industrial Property estimates are as of January 1, 2015
- (3) Per \$100 of value

**DIRECT AND OVERLAPPING PROPERTY TAX RATES,
Last Ten Fiscal Years
(rate per \$100 of assessed value)**

Fiscal Year	City of Concord			Overlapping Rates Cabarrus County	Combined Tax Rate
	General Fund Basic Rate	Municipal Service District Basic Rate	Total Weighted Average Rate (1)		
2007	0.4475	0.2100	0.4465	0.6289	1.0754
2008	0.4475	0.1800	0.4464	0.6300	1.0764
2009	0.4200	0.1800	0.4190	0.6300	1.0490
2010	0.4200	0.1800	0.4190	0.6300	1.0490
2011	0.4200	0.1800	0.4190	0.6300	1.0490
2012	0.4200	0.1800	0.4190	0.6300	1.0490
2013	0.4800	0.2300	0.4788	0.7000	1.1788
2014	0.4800	0.2300	0.4788	0.7000	1.1788
2015	0.4800	0.2300	0.4788	0.7000	1.1788
2016	0.4800	0.2300	0.4788	0.7000	1.1788

Source: Cabarrus County Tax Office

(1) Total City tax rate is a weighted average of all types of City of Concord tax rates. Cabarrus County rate is a direct rate.

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Mall at Concord Mills LP	\$ 224,248,930	1	2.25 %	\$ 202,867,288	2	2.65 %
Celgard LLC	208,412,833	2	2.09	-		-
Charlotte Motor Speedway LLC	192,337,703	3	1.93	163,901,092	3	2.14
DNP IMS America Corporation	79,746,925	4	0.80	-		-
Great Wolf Lodge	80,394,660	5	0.81	-		-
Windstream Concord Telephone	55,871,896	6	0.56	51,989,322	5	0.68
Bootsmead Leaseco LLC	50,228,501	7	0.50	-		-
S&D Coffee Company	48,836,556	8	0.49	29,754,265	8	0.39
JQH-Concord Development LLC	48,480,900	9	0.49	-		-
Hendrick Motorsports Inc	47,199,998	10	0.47	57,799,998	4	0.75
Philip Morris	-		-	1,087,680,959	1	14.20
Pass & Seymour/LeGrand	-		-	48,495,941	6	0.63
Jack Roush, LLC	-		-	31,656,667	7	0.41
BFI Waste Systems of America	-		-	29,069,050	9	0.38
Concord Commons LTD Partnership	-		-	23,041,720	10	0.30
Total	\$ 1,035,758,902		10.39 %	\$ 1,726,256,302		22.53 %

Source: Cabarrus County Tax Office

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	34,290,995	33,605,746	98.0%	617,922	34,223,668	99.8%
2008	37,819,888	37,086,369	98.1%	670,499	37,756,868	99.8%
2009	44,077,915	42,894,749	97.3%	1,058,294	43,953,043	99.7%
2010	44,956,754	43,881,105	97.6%	981,910	44,863,015	99.8%
2011	44,365,653	43,329,051	97.7%	903,618	44,232,669	99.7%
2012	43,076,823	42,056,886	97.6%	907,864	42,964,750	99.7%
2013	43,608,877	42,445,084	97.3%	907,200	43,352,284	99.4%
2014	46,548,215	45,126,093	96.9%	627,850	45,753,943	98.3%
2015	46,943,610	46,174,814	98.4%	347,330	46,522,144	99.1%
2016	47,667,548	46,909,735	98.4%	-	46,909,735	98.4%

**RATIOS OF OUTSTANDING DEBT BY TYPE,
Last Ten Fiscal Years
(dollars in thousands, except per capita)**

Fiscal Year	Governmental activities					Business type activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Installment Purchase	Obligation Bonds	Revenue Bonds	Installment Notes	HUD Loan	Installment Purchase	Obligation Bonds	Revenue Bonds	Installment Notes			
2007	1,665	463	3,527	32,452	-	3,919	1,677	94,534	14,028	152,265	2.61%	2,401
2008	6,577	367	3,376	28,865	1,974	11,055	678	90,359	13,260	156,511	2.55%	2,293
2009	5,991	235	3,206	25,593	1,974	11,082	-	112,005	12,217	172,303	2.81%	2,424
2010	5,479	85	3,420	22,827	1,974	10,330	-	111,372	10,703	166,190	2.62%	2,086
2011	4,958	-	3,205	19,749	1,974	9,573	-	104,994	9,960	154,413	2.34%	1,942
2012	4,429	-	2,985	18,292	1,865	8,811	-	97,324	9,081	142,787	2.03%	1,755
2013	3,987	-	2,759	16,842	1,756	8,043	-	90,493	8,184	132,064	1.79%	1,621
2014	3,645	-	2,527	15,405	1,647	7,440	-	83,478	7,260	121,402	1.57%	1,458
2015	3,375	-	2,225	28,859	1,538	6,838	-	76,279	13,675	132,789	1.71%	1,554
2016	3,105	-	1,915	26,892	1,429	11,994	-	71,221	12,302	128,858	1.58%	1,479

(1) See Table 17 for population and personal income data.

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING,
Last Ten Fiscal Years**

General Bonded Debt Outstanding					
Fiscal Year	Gross Bonded Debt	Debt Payable From Enterprise Revenue	Net Bonded Debt	Percentage of Total Taxable Assessed Value (1)	Per Capita (2)
2007	2,140,002	1,677,035	462,967	0.01%	7.30
2008	1,044,999	678,089	366,910	0.01%	5.38
2009	235,000	-	235,000	0.01%	3.31
2010	85,000	-	85,000	0.01%	1.07
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Table 8 for property value data.

(2) Population data can be found in Table 17.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (3)	Estimated Share of Direct and Overlapping Debt
City of Concord (1)	\$ 33,340,865	100%	\$ 33,340,865
Cabarrus County (2)	378,707,800	50%	<u>189,353,900</u>
Total			<u><u>\$ 222,694,765</u></u>

- (1) Includes total debt expected to be paid from governmental activities
- (2) Source: Cabarrus County Finance Department
- (3) The percentage used to calculate the overlapping debt for Cabarrus County is calculated based on the percentage of the County's Assessed Value that is within City limits.

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(dollars in thousands, with the exception of the calculation for the current year)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 606,928	\$ 672,850	\$ 779,858	\$ 856,688	\$ 779,768	\$ 820,665	\$ 729,040	\$ 773,864	\$ 782,350	\$ 796,278
Total net debt applicable to limit	38,499	35,809	31,819	28,391	24,337	22,387	20,532	18,788	30,096	27,997
Legal debt margin	\$ 568,429	\$ 637,041	\$ 748,039	\$ 828,297	\$ 755,431	\$ 798,278	\$ 708,508	\$ 755,076	\$ 752,254	\$ 768,281
Total net debt applicable to the limit as a percentage of debt limit	6%	5%	4%	3%	3%	3%	3%	2%	4%	4%

Legal Debt Margin Calculation for Fiscal Years

Total assessed value	<u>\$9,953,478,963</u>
Debt limit (8% of assessed value)	<u>796,278,317</u>
Debt applicable to limit:	
General Obligation bonds	-
Installment purchase notes	15,099,000
Installment notes	36,325,000
Less: Amount of bonded debt incurred for Electric, Water and Wastewater purposes	<u>(23,426,325)</u>
Total net debt applicable to limit	<u>27,997,675</u>
Legal Debt Margin	<u>\$ 768,280,642</u>
Net debt as a % of assessed values	0.28%

PLEGGED-REVENUE COVERAGE,
Last Ten Fiscal Years
 (dollars in thousands)

Water Revenue Bonds						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	19,485	14,560	4,925	2,038	2,027	1.21
2008	18,693	16,869	1,824	2,114	1,931	0.45
2009	17,492	15,692	1,800	2,194	2,563	0.38
2010	19,273	15,550	3,723	2,524	2,156	0.80
2011	21,683	10,381	11,302	3,024	1,621	2.43
2012	20,370	14,477	5,893	3,127	1,927	1.17
2013	19,443	10,564	8,879	3,208	1,702	1.81
2014	19,829	9,734	10,095	3,300	1,608	2.06
2015	22,902	13,638	9,264	2,953	1,505	2.08
2016	26,447	10,739	15,708	3,041	1,341	3.58

Wastewater Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	13,825	12,598	1,227	1,363	1,041	0.51
2008	13,479	13,345	134	1,552	855	0.06
2009	12,904	14,206	(1,302)	1,915	1,383	(0.39)
2010	13,774	13,507	267	1,294	949	0.12
2011	16,515	10,260	6,255	1,350	909	2.77
2012	15,219	9,984	5,235	1,374	953	2.25
2013	14,683	8,965	5,718	1,409	910	2.47
2014	15,076	3,169	11,907	1,446	867	5.15
2015	19,704	10,144	9,560	2,000	804	3.41
2016	21,140	11,666	9,474	2,052	720	3.42

Electric Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	57,784	54,552	3,232	1,109	1,064	1.49
2008	61,920	57,322	4,598	1,158	1,009	2.12
2009	61,903	63,074	(1,171)	1,208	1,527	(0.43)
2010	69,956	63,797	6,159	1,538	1,301	2.17
2011	75,516	65,646	9,870	1,958	893	3.46
2012	79,450	63,939	15,511	1,900	1,203	5.00
2013	81,195	72,348	8,847	1,953	1,110	2.89
2014	80,753	69,825	10,928	2,009	1,050	3.57
2015	81,533	66,407	15,126	1,986	983	5.09
2016	82,754	62,489	20,265	2,043	865	6.97

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2007	63,429	5,840,656	35,245	25,521	4.0%
2008	68,249	6,144,005	35,935	26,917	5.1%
2009	71,071	6,121,298	34,083	28,093	8.2%
2010	79,673	6,339,808	35,514	27,682	8.3%
2011	79,519	6,604,657	36,478	28,465	7.8%
2012	81,350	7,025,450	38,079	29,023	6.6%
2013	81,461	7,376,723	39,983	29,721	6.0%
2014	83,279	7,722,393	40,094	29,952	4.4%
2015	85,428	7,776,250	41,219	30,532	4.1%
2016 (5)	87,130	8,171,731	42,097	31,271	3.7%

(1) NC Office of State Budget and Management. 2016 is an estimate.

(2) Bureau of Economic Analysis. Information only available at the county level.

(3) N.C. Public Schools

(4) Based on annual average as published by N.C. Employment Security Commission - Labor Market Division

(5) Data not yet available for personal income. Estimated amounts based on average percentage increase from prior 3 years.

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Carolina Medical Center-NorthEast	4,500	1	11.73 %	4,200	1	13.74 %
Cabarrus County Schools	3,800	2	9.90	3,816	2	12.48
Cabarrus County Government	950	3	2.48	904	5	2.96
City of Concord	901	4	2.35	893	6	2.92
Connexions	900	5	2.35	-		-
S&D Coffee and Tea	800	6	2.09	-		-
Shoe Show	800	7	2.09	-		-
North Carolina Government	770	8	2.01	-		-
Kannapolis City Schools	750	9	1.95	873	7	2.86
Corning	600	10	1.56	-		-
Philip Morris	-		-	2,600	3	8.50
McGhee Brothers Company	-		-	1,400	4	4.58
Rowan Cabarrus Community College	-		-	830	8	2.71
Pass & Seymour Legrands	-		-	680	9	2.22
CT Communications	-		-	631	10	2.06
	<u>14,771</u>		<u>38.51 %</u>	<u>16,827</u>		<u>55.03 %</u>

Source: City of Concord Planning & Neighborhood Services

**FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM,
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
General Government										
Public Service Administration	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
City Manager's Office	6.00	6.00	6.00	6.00	6.00	5.00	6.00	6.00	6.00	6.00
Human Resources	7.00	7.00	8.00	8.00	8.00	9.00	10.00	10.00	10.00	10.00
Finance	13.00	13.00	13.00	13.00	13.35	14.00	14.00	14.00	13.25	13.00
Tax	4.75	5.00	5.00	4.50	4.50	4.50	4.50	4.50	4.50	4.00
Legal	4.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00
Non-Departmental	-	-	-	-	-	-	-	-	-	-
Public Safety										
Police	161.50	170.25	174.25	175.25	177.25	178.25	178.25	180.25	189.25	191.00
Code Enforcement	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Communications	20.94	22.50	22.50	22.50	22.50	21.50	21.50	22.50	22.50	22.00
Radio Shop	4.70	4.70	4.70	4.50	4.50	3.50	3.50	2.50	3.50	3.00
Fire & Life Safety (Operations)	159.63	160.30	173.30	170.00	182.00	182.00	181.00	181.00	181.00	181.00
Fire & Life Safety (Prevention)	-	6.00	6.00	6.00	6.00	6.00	6.00	6.00	9.00	9.00
Fire & Life Safety (Training)	-	2.00	2.00	2.00	2.00	2.00	4.00	4.00	2.00	4.00
Emergency Mangement Coordinator	-	2.85	2.80	2.80	2.85	2.85	1.00	1.00	1.00	1.00
Public Works										
Street & Traffic	26.00	27.00	27.00	26.00	27.00	27.00	27.00	27.00	27.00	28.00
Powell Bill	-	-	-	-	-	-	-	-	-	-
Traffic Services	5.83	6.00	6.00	6.00	5.00	5.00	5.00	5.00	6.00	6.00
Traffic Signals	3.00	3.00	3.00	3.00	4.00	4.00	4.00	5.00	5.00	5.00
Solid Waste & Recycling	34.00	35.34	37.00	36.50	33.00	32.00	32.00	32.00	32.00	32.00
Cemeteries	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Fleet Services	14.00	14.00	14.00	13.25	13.00	13.00	13.00	13.00	13.00	13.00
Other Public Works										
Economic Development										
Business & Neighborhood Services	8.50	8.50	9.00	9.00	8.85	15.00	14.00	14.50	14.50	14.00
Transportation (Contract)	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	1.00	1.00	1.00	1.00	1.00
Development Services	9.00	10.00	10.00	9.00	9.00	-	-	-	-	-
Culture & Recreation										
Parks and recreation	21.00	21.75	22.75	22.00	22.00	20.00	20.00	21.25	21.00	17.00
Parks and recreation Aquatics (seasonal staff)	-	-	-	-	-	-	-	-	-	-
Total FTE General Fund	519.85	547.19	568.30	561.30	572.80	566.60	566.75	572.50	583.50	582.00

(Continued)

**FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM,
Last Ten Fiscal Years**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>Other Funds</i>										
Municipal Service District Fund	-	-	-	-	-	-	-	-	-	-
Home Consortium Fund	1.50	1.50	1.50	1.50	1.30	0.90	0.90	1.00	0.90	1.00
Transportation Improvement Fund	-	-	-	-	-	-	-	-	-	-
CDBG	1.50	2.00	1.50	1.50	1.50	1.10	1.10	1.00	1.10	1.00
Addl. \$5 Vehicle Tax (Transit Fund)	-	-	-	-	-	-	-	-	-	-
Stormwater	18.00	20.00	21.00	20.50	20.25	20.25	20.25	19.77	22.09	22.00
Electric										
Electric Administration	2.00	2.75	3.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00
Purchased Power	-	-	-	-	-	-	-	-	-	-
Powerlines Maintenance	14.00	14.00	13.00	13.00	13.00	13.00	13.00	13.00	17.00	17.00
Tree Trimming	10.00	10.00	10.00	9.00	9.00	9.00	9.00	9.00	7.00	7.00
Electric Construction	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	33.00	33.00
Peak Shaving	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	-	-
Electric Engineering	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	7.00
Utility Locate Services	4.50	5.00	5.00	5.00	5.00	4.00	4.00	4.00	5.00	5.00
Water Resources										
Hillgrove Water Treatment Plant	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	15.00
Coddle Creek Water Treatment Plant	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.00
Waterlines Operations & Maintenance	37.00	37.00	37.00	35.00	34.75	34.75	34.75	34.24	34.59	36.00
Public Transit										
Rider Transit System	-	-	-	-	2.00	2.75	2.55	2.70	3.70	4.00
Wastewater Resources	29.50	31.00	31.00	30.00	30.00	30.00	30.00	30.00	30.32	29.00
Golf Course (contract)	-	-	-	-	-	-	-	-	-	-
Internal Services										
Utility Collections	5.00	5.00	5.00	4.50	4.50	4.50	4.50	4.50	4.50	4.00
Data Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Billing	14.00	13.00	13.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00
Customer Service	15.00	17.00	17.00	17.00	16.00	16.00	15.50	15.50	25.00	26.00
Engineering	27.92	28.00	28.00	25.00	25.00	25.00	24.00	24.00	23.00	23.00
Purchasing	9.00	9.00	9.00	9.00	8.00	7.00	7.00	7.00	7.00	7.00
Customer Care Center	6.90	7.15	7.95	7.70	7.65	8.15	8.50	9.50	-	-
Buildings & Grounds	38.69	41.27	41.50	39.60	38.50	39.50	39.00	39.50	40.65	38.00
Aviation	37.59	38.00	40.50	36.50	35.25	36.00	36.00	33.00	34.00	34.00
Public Housing	16.00	16.00	16.00	16.50	16.00	14.00	13.00	12.00	13.38	14.00
Total FTE Other Funds	360.10	369.67	373.95	356.30	352.70	350.90	348.05	343.71	351.23	352.00
Total	879.95	916.86	942.25	917.60	925.50	917.50	914.80	916.21	934.73	934.00

Source: City of Concord Budget Department

**OPERATING INDICATORS BY FUNCTION/PROGRAM,
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical arrests	7,749	10,113	6,128	6,275	5,783	5,837	5,072	4,925	3,948	4,486
Parking violations	2,990	3,879	2,506	1,576	3,343	2,964	2,696	2,375	2,365	2,671
Traffic violations	15,775	16,293	13,629	13,004	13,561	9,878	9,422	8,135	9,209	10,699
Communications										
Calls received	101,130	107,265	105,912	107,585	107,341	100,197	108,843	109,382	100,830	102,526
Fire										
Emergency responses	6,870	7,310	7,324	7,287	7,920	8,856	9,077	9,246	10,008	10,616
Fires extinguished	404	378	327	322	402	315	293	192	245	261
Inspections	3,648	5,137	5,255	5,166	5,564	5,764	6,343	5,900	5,939	7,128
Education classes conducted (4)	927	389	492	668	575	446	681	739	334	384
Number of people reached by educators (4)	15,941	19,301	23,708	16,841	25,364	37,187	29,774	31,008	25,096	28,361
Customer Care Center										
Calls answered	136,958	151,419	159,197	153,503	153,158	206,144	191,689	116,672	112,652	121,843
Solid Waste & Recycling										
Refuse collected (tons per day)	93	92	94	99	92	89	86	90	94	96
Recyclables collected (tons per day)	9	11	11	13	14	22	22	22	21	23
Other Public Works										
Street resurfacing (miles) (5)	10	11	11	10	7	8	10	6	0	18
Potholes repaired	199	60	80	72	78	74	28	36	50	92
NCDOT signalized street lights	92	78	75	95	96	101	105	102	114	115
NCDOT road (Non Interstate)	87	89	89	89	89	90	90	90	90	92
Economic Development										
Single family residential	524	614	212	346	284	403	460	397	441	661
Single family attached in units	53	146	49	30	20	4	0	15	22	2
Two family residential in units	1	1	13	13	0	66	550	18	2	0
Multi-family residential in units	0	0	0	0	0	0	0	66	348	264
Commercial building permits issued	27	128	36	11	18	52	53	59	96	82
Parks and recreation										
% Cost recovery Adult programs	87	90	90	90	90	90	92	92	100	105
Youth participation	10,367	9,127	11,097	11,285	9,974	9,974	10,848	11,672	11,251	14,793
Rec center attendance	71,625	73,227	73,194	73,947	93,846	93,846	79,014	81,093	85,663	87,165
Stormwater										
Accounts	26,639	28,935	28,823	29,007	29,292	29,683	30,168	30,701	31,285	31,978
Electric										
Accounts	26,945	27,514	26,920	27,368	27,447	27,675	28,062	28,576	29,069	29,371
Average megawatt hours daily use (2)	2,132	2,272	2,241	2,221	2,401	2,332	2,318	2,282	2,358	2,427
Substations	12	14	14	14	14	15	15	15	15	15

(Continued)

**OPERATING INDICATORS BY FUNCTION/PROGRAM,
Last Ten Fiscal Years**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water										
Accounts	32,629	33,988	33,522	33,688	33,859	34,431	35,843	36,692	37,348	37,088
Water Main Breaks	73	65	27	36	43	33	2	13	21	25
Average daily consumption (mgd)	11	10	9	10	9	9	9	9	10	9
Peak daily consumption (mgd)	13	11	10	13	12	13	12	13	13	14
Transit										
Average daily use	1,202	1,239	1,328	1,264	1,252	1,451	1,411	1,345	1,316	1,188
Days of operation	304	307	307	307	307	310	306	346	359	359
Wastewater										
Accounts	29,050	30,423	30,338	30,729	30,972	31,569	31,939	32,745	33,307	34,029
Average daily treatment (thousands of gallons)	8,071	7,741	9,047	8,875	7,821	8,193	8,011	9,150	8,478	8,870
Golf Course										
Total Green Fee Rounds (3)	35,018	33,663	23,237	30,085	26,256	25,410	26,028	31,341	31,241	28,998
Cart Fee Rounds	29,978	27,760	28,498	27,942	23,488	22,183	20,237	23,553	23,462	23,534
Tournaments hosted	73	67	78	66	63	70	72	76	67	68
Aviation										
Avgas (annual gallons)	277,269	278,882	221,096	222,943	193,419	197,687	173,006	169,452	151,505	168,627
Jeta (annual gallons)	1,926,918	2,093,295	1,655,052	1,661,764	1,660,208	1,516,123	1,465,484	1,685,731	1,983,963	2,355,783
Operations = take off & landing (1)	64,660	70,519	60,506	56,706	61,553	60,612	59,179	59,010	54,200	57,736
Tax Base listings										
T Hanger	67	67	67	67	67	67	67	67	67	67
HIC	40	41	42	42	41	46	46	45	45	41
Tiedown	42	51	51	51	32	30	30	25	25	27
Corporate	6	6	6	7	6	9	9	3	3	4
Ground	8	8	8	10	11	18	18	9	9	11
Office	18	23	29	31	34	35	35	27	27	26
Public Housing										
Units in use	174	174	174	174	174	174	174	174	174	174
Housing Choice Vouchers	534	534	534	541	541	541	541	534	541	541

Note: Information obtained from various departmental staff in the City of Concord.

- (1) Control tower hours of operation 0700-0000
- (2) From Annual EIA 861 which is based on calendar year information
- (3) Green Fee rounds have been converted to 18 hole rounds
- (4) Calculation method changed in 2015
- (5) For 2015, resurfacing contract in process at the end of the fiscal year, will report next year.

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAMS,
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	116	120	120	120	132	134	134	135	150	159
Fire										
Stations	8	8	9	9	10	10	10	10	10	11
Fire Units	14	14	14	14	14	14	14	14	14	14
Solid Waste & Recycling										
Refuse collection trucks	23	23	27	29	28	28	28	29	28	29
Other Public Works										
Paved streets (miles)	312	321	323	324	326	329	331	337	341	343
Signalized Street	13	13	14	14	14	15	15	15	15	16
Control Beacons	6	6	6	6	6	6	6	6	6	6
Guardrail	3.33	3	4	4	4	4	4	4	4	5
Sidewalk	106	195	199	202	205	206	209	222	235	245
School Zond Flashers	N/A	N/A	N/A	N/A	19	21	22	22	22	22
Facilities (City owned):										
Parks (developed acreage)	101	101	101	101	101	101	101	101	157	157
Parks (undeveloped acreage)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	69
Playgrounds	14	14	14	14	14	14	14	14	13	13
Gymnasiums	3	3	3	3	3	3	3	3	3	3
Basketball courts (1)	9	9	9	9	11	11	11	11	11	9
Tennis courts	14	14	14	14	14	14	14	14	14	14
Playing fields (2)	28	28	28	28	28	28	28	28	28	23
Swimming pool	1	1	1	1	1	1	1	1	1	1
Green Way	2	2	2	4.5	5	5	5	5	7	7
Walking Trails	3	3	3	3	3	3	3	3	4	4
Stormwater										
Storm Sewers (miles)	N/A	86.18	161	229	254	256	263	275	263	264
Electric										
Substations	12	14	14	14	14	15	15	15	15	15

(Continued)

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAMS,
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water										
Water Mains (miles)	628	658	663	667	680.2	681	683	691	692	709
Fire hydrants	3,910	4,219	4,648	3,898	3,898	4,633	4,642	4,697	4,737	4,772
Storage capacity (millions of gallons)	14	14	14	14	14	14	16	16	16	16
Transit										
Transit Center	N/A	N/A	N/A	N/A	1	1	1	1	1	1
Buses	8	8	10	12	12	12	12	12	12	12
Wastewater										
Sanitary sewers (miles)	500	516	516	530	530	530	530	539	540.5	544
Treatment capacity (thousands of gallons)	3,340,866	2,825,589	3,302,270	3,239,373	2,854,630	2,997,804	2,923,870	3,339,746	3,102,774	3,237,594
Golf Course	1	1	1	1	1	1	1	1	1	1
Aviation										
Terminal	1	1	1	1	1	1	1	1	1	1
T Hangars	67	67	67	67	67	67	66	67	67	67
Corporate Hangar	2	2	2	2	2	3	3	3	3	3
Private Hangar	N/A	N/A	N/A	N/A	9	9	9	9	9	9
Hanger in Common	6	6	7	7	8	7	7	7	7	7
Acreage approximately	N/A	585	625	688	713	713	713	713	713	713
Public Housing										
Units	174	174	174	174	174	174	174	174	174	174

Source: City of Concord Finance Department



**Independent Auditor’s Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**

The Honorable Mayor and
Members of City Council
City of Concord, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Concord, North Carolina (the “City”) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated October 26, 2016. Our report includes a reference to other auditors who audited the financial statements of the Concord ABC Board, as described in our report on the City’s financial statements. This report does not include the results of other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Concord ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies in internal control may exist that were not identified. Given these limitations, during our audit we did identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Elliott Davis Decosimo, PLLC

Raleigh, North Carolina
October 26, 2016



**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance;
with OMB Uniform Guidance and the State Single Audit Implementation Act**

The Honorable Mayor and
Members of City Council
City of Concord, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the City of Concord, North Carolina's (the "City") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Elliott Davis Decosimo, PLLC

Raleigh, North Carolina
October 26, 2016



**Independent Auditor's Report on Compliance for Each Major State Program;
Report on Internal Control over Compliance;
in OMB Uniform Guidance; and the State Single Audit Implementation Act**

The Honorable Mayor and
Members of City Council
City of Concord, North Carolina

Report on Compliance for Each Major State Program

We have audited the City of Concord, North Carolina's (the "City") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City's major state programs for the year ended June 30, 2016. The City's major state programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Elliott David Decosimo, PLLC

Raleigh, North Carolina
October 26, 2016

CITY OF CONCORD, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2016**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/Contract Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Financial Assistance					
U.S. Department of Housing and Urban Development:					
Direct Programs:					
CDBG Entitlement Grants Cluster:					
Community Development Block Grant/Entitlement					
	14.218	B-12-MC-37-0012	\$ 803	\$ -	\$ -
	14.218	B-13-MC-37-0012	55,302	-	-
	14.218	B-14-MC-37-0012	222,610	-	-
	14.218	B-15-MC-37-0012	123,957	-	7,157
Total CDBG Entitlement Grants Cluster			402,672	-	7,157
HOME Program - Program Income	14.239	M-10-DC-370209	5,000	-	-
	14.239	M-11-DC-370209	172,239	-	-
	14.239	M-12-DC-370209	378,055	-	-
	14.239	M-13-DC-370209	446,205	-	-
	14.239	M-14-DC-370209	199,527	-	171,034
	14.239	M-15-DC-370209	-	-	76,755
			1,201,026	-	247,789
Public Housing: Operating subsidy	14.850	A-3249	785,992	-	997,739
Public Housing Capital Fund	14.872	NC19P00850112	3,290	-	-
	14.872	NC19P00850113	25,766	-	-
	14.872	NC19P00850114	150,407	-	-
	14.872	NC19P00850115	158,708	-	-
	14.872	NC19P00850116	1,175	-	-
	14.872	NC19E00850113	24,114	-	-
			363,460	-	-
Housing Voucher Cluster:					
Section 8 Housing Choice Vouchers	14.871	A-3344-V	3,301,440	-	839,791
Family Self-Sufficiency Grant	14.896	NC008FSH381A014	24,004	-	-
	14.896	NC008FSH381A015	19,132	-	-
			43,136	-	-
Total U.S. Department of Housing and Urban Development			6,097,726	-	2,092,476

(Continued)

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/Contract Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
U.S. Department of Transportation					
Federal Transit Cluster:					
Federal Transit Formula Grant	20.507	NC-90-X511-00	\$ 264,704	\$ 341,267	\$ 407,479
Passed through North Carolina					
Department of Transportation:					
Metropolitan Planning Grant	20.505	36230.7.13.6	41,520	5,190	5,190
Metropolitan Planning Grant	20.505	39225.1.3	230,341	-	58,228
Airport Improvement Program:					
South Development Expansion	20.106	36237.29.19.1	2,900,299	-	158,015
Apron Strengthening	20.106	36237-29.16.2	91,469	-	-
Commercial Terminal	20.106	3-37-0015-001-2015	5,007,380	-	556,376
Highway Safety Cluster:					
NC Governor's Highway Safety	20.600	PT-16-06-27	34,541	-	-
			<u>8,305,550</u>	<u>5,190</u>	<u>777,809</u>
Total U.S. Department of Transportation			<u>8,570,254</u>	<u>346,457</u>	<u>1,185,288</u>
Total federal awards			<u>14,667,980</u>	<u>346,457</u>	<u>3,277,764</u>
State Financial Assistance:					
Department of Transportation:					
Powell Bill	N/A		-	1,499,892	-
Department of Public Safety:					
Governor's Crime Commission	20.600	PROJ011974	-	688	1,336
Total state awards			<u>-</u>	<u>1,500,580</u>	<u>1,336</u>
Total federal and state awards			<u>\$ 14,667,980</u>	<u>\$ 1,847,037</u>	<u>\$ 3,279,100</u>

See Notes to Schedule of Expenditures of Federal and State Awards.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2016

(1) General

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the City of Concord, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and *The State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Relationship to Basic Financial Statements

Federal and state financial assistance revenues are reported in the City's basic financial statements as follows:

	Intergovernmental Revenues	Operating Grants	Capital Contributions	Total
Federal assistance:				
Special revenue funds:				
Housing assistance	\$ 3,303,433	\$ -	\$ -	\$ 3,303,433
Community development	403,248	-	-	403,248
Home	372,484	-	-	372,484
Capital project funds:				
Transportation	224,596	-	-	224,596
General fund capital projects	23,880	-	-	23,880
Enterprise funds:				
Regional Airport	-	-	7,722,023	7,722,023
Housing Department	-	1,192,880	-	1,192,880
Transit	-	892,054	-	892,054
Total federal	4,327,641	2,084,934	7,722,023	14,134,598
State assistance:				
General fund	3,752,327	-	-	3,752,327
Total state	3,752,327	-	-	3,752,327
	\$ 8,079,968	\$ 2,084,934	\$ 7,722,023	\$ 17,886,925

(3) Statement and Certification of Capital Fund Grant Cost for Annual Contributions Contract A-3249

1. The Actual Capital Fund Program Costs were as follows:

	NC19E00850113	NC19P00850113	NC19P00850112
Funds Approved	\$ 250,000	\$ 199,450	\$ 198,702
Funds Expended	250,000	199,450	198,702
Excess (Deficiency) of Funds Approved	\$ -	\$ -	\$ -
Funds Advanced:			
HUD Grants	\$ 250,000	\$ 199,450	\$ 198,702
Funds Expended	250,000	199,450	198,702
Excess (Deficiency) of Funds Advanced	\$ -	\$ -	\$ -

2. The distribution of costs as shown on the Annual Statement of Performance Evaluation Report, supported by the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.

3. All capital fund program costs have been paid and all related liabilities have been discharged through payment.

City of Concord, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2016

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance
2 CFR 200.516(a): Yes No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Voucher Cluster
14.239	Home Investment Partnerships Program
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? No

State Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance
with the State Single Audit Implementation Act: Yes No

Identification of major state programs:

Powell Bill

City of Concord, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2016

II. FINANCIAL STATEMENT FINDINGS

None Reported

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**2016-001 – HUD Depository Agreement (repeated and updated finding from prior year 2015-6)
US Department of Housing and Urban Development
CFDA 14.871 - Housing Voucher Cluster**

Criteria: HUD cash management procedures require the City to enter into a depository agreement with its financial institution using the form prescribed by HUD.

Condition: The City does not have a depository agreement with its financial institution using a HUD form.

Effect: The City has not complied with the HUD requirements for obtaining the agreement which serves as a safeguard for federal funds and provides certain third-party rights to HUD.

Recommendation: The City should obtain the required forms to ensure the financial institution has an appropriate understanding of the nature of the funds deposited into the accounts.

Views of Responsible Officials and Planned Corrective Actions: The City agrees with this finding. An updated depository agreement will be sent to all required financial institutions and retained on file with the City.

IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

CITY OF CONCORD, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2016

Findings:	2015-1
Status:	Corrected. The Community Development Special Revenue Fund and Debt Service Fund do not have deficit fund balances for the year ended June 30, 2016.
Findings:	2015-2
Status:	Corrected. Expenditures did not exceed budgeted amounts for the Municipal Service District Fund and Additional Vehicle Tax Fund for the year ended June 30, 2016.
Findings:	2015-3
Status:	Corrected. Procedures were updated to ensure that rent reasonableness comparisons are performed and documented in accordance with HUD requirements and the City's HCV Administrative Policy.
Findings:	2015-4
Status:	Corrected. Procedures were implemented to perform a utility rate review each fiscal year and update the utility allowance schedule based on the findings of the utility rate review.
Findings:	2015-5
Status:	Corrected. An updated Memorandum of Understanding between the City and the Resident Council was adopted by City Council during the year ended June 30, 2016. The Resident Council submitted a budget as required by the Memorandum of Understanding prior to funds being disbursed.
Findings:	2015-6
Status:	The City was unable to get a depository agreement signed by its financial institution and HUD using the required HUD form.
Corrective Action:	The City will continue to pursue getting the required depository agreement signed by its financial institution.